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INTRABLOC

POLITICAL

BRIEFS

CEAUSESCU GREETES KADAR--To MSZMP General Secretary Comrade Janos Kadar, Budapest. Dear Comrade Kadar: On your 75th birthday I would like to extend to you heartfelt congratulations and comradely wishes for health and happiness, on behalf of the RCP Central Committee and myself personally. I again express the conviction that, through joint efforts, the relations of cooperation between the RCP and MSZMP and between the SR of Romania and the Hungarian People's Republic will further develop in the interest and to the benefit of both countries and peoples and of the cause of socialism, cooperation, detente, and peace in Europe and throughout the world. I wish you, Comrade Kadar, long life and new successes in your activity at the head of the MSZMP, for the prosperity and well-being of the friendly Hungarian people. Nicolae Ceausescu, RCP Secretary General. [Telegram by RCP Secretary General Nicolae Ceausescu to MSZMP General Secretary Janos Kadar on his 75th birthday] [Text] [Bucharest SCINTEIA in Romanian 26 May 87 p 5 AU] /12913

CSO: 2020/123

KAPEK ADDRESS AT COMPOSERS' CONGRESS

AU151035 Bratislava PRAVDA in Slovak 5 Jun 87 p 5

[Unattributed report on the speech delivered by Antonín Kapek, CPCZ Central Committee Presidium member, at the 3 June session of the Third Congress of the Union of Czechoslovak Composers in Prague: "Flexibly Reacting to the New Demands of the Times"]

[Text] On behalf of the CPCZ Central Committee and its general secretary, Comrade Gustav Husak, and in the name of the CSSR Government, I convey to you their wishes for successful congress deliberations; and the most sincere comradely greetings to you personally, and to all who are working in musical culture and art.

Your Third Congress of the Union of Czechoslovak Composers is being held in an extremely significant period in which, under the influence of the ideas of socialism, of the CPSU's wise and stimulating policy, and of the peace-loving policy of the socialist countries, the struggle for peace, for a new upsurge of socialism, and for the acceleration of our country's social and economic development has greatly strengthened.

It can be said that we are living at a most complicated time, a time which creates scope and possibilities for activating all forces of peace and progress against reaction, war, and imperialist retrogression.

The present period is shaping new demands and new possibilities for developing culture and arts in socialist society. I am pleased that your congress is evidence that you are aware of these problems and search for answers to solve moral and ethical problems.

Attention was called a few days ago to the times in which we live when the new programmatic ideas of fighting for peace, for averting a world nuclear catastrophe, and for attaining disarmament resounded at the Berlin session of the top representatives of Warsaw Pact countries.

It was confirmed again that there is no other grouping in the world which would develop such systematic, enterprising peace-creating efforts, or which

would submit such a large number of proposals on limiting and reducing the level of armament, particularly nuclear armament, or on averting the threat of nuclear danger, as the Warsaw Pact.

The adoption of the historically significant document on the Warsaw Pact member states' military doctrine must be regarded as an extremely important result of the session. It represents a quite open declaration of the fraternal allied countries that their military doctrine has a defensive character and is based on the essential need to preserve the balance of military forces on the lowest possible level, and on the expediency of cutting down the military potentials to a level sufficient for defense. We are convinced that this document will play a significant role in the further development of our dynamic policy and that it will help to give lie to the myth about the danger from the East, a myth which the hostile centers have been intentionally evoking for years.

The decisive task today in developing our socialist society while implementing the line of the 17th Congress is to work out and master--in politics, economy, culture, literally in all sectors of the life of our society--such ways and methods of work which would lead to practical results in our country's development and which would raise society's development and the satisfaction of the working people's needs to a qualitatively higher level.

The most valuable contribution and our most valuable capital in realizing this strategy, adopted by the 17th CPCZ Congress, and also our starting point in developing initiative and creative approaches, is the broad support for the policy of acceleration voiced by the broadest strata of the working people, of youth, and of all our citizens. They understand the program of this strategy as a further broadening of the scope for society's economic, political, social, and spiritual development. The working people of our country are correctly connecting the political strategy of the 17th Congress with the attainment of their goals in life, with the consolidation of social certainties, and with the further upsurge of the attractions of the socialist system; and they are demanding a more consistent course in the implementation of this line.

The initiative, activity, creative involvement, but also high responsibility and conscious discipline are among the most precious values of socialism. Together with a broad use of knowledge, experience and science, they are among the most powerful sources for socialism's further development. We must realize down to the very last consequence that if we want to attain our goals, we must support creative work, enhance its weight in society, and appraise it comprehensively as a key condition of perfecting socialism. The party regards this as the main prerequisite to further developing and broadly using the inexhaustible potential of the people.

We are directing our efforts toward equipping our socialist system with the most modern forms of social organization and toward making the maximum use of

its humanistic substance to achieve all the goals listed above. It is precisely these goals and tasks that the Fifth CPCZ Central Committee Session had in mind when adopting the set of tasks and measures for further developing socialist democracy and self-management, for expanding the flow of information to the public, criticism, and self-criticism, and for consolidating order and discipline. All this is inseparably tied to the enhancement of cultural standards and to the achievement of higher qualification and educational standards.

We therefore sincerely welcome the fact that our whole society is becoming increasingly aware that restructuring in all spheres of social activity is the main means of implementing the 17th Congress resolution on acceleration and of ensuring the transition to a higher quality of socialist development. Of great help for our realization of this fact was the resolution of the CPSU Central Committee's January session, which armed the Soviet communists with the theory of restructuring and which we, too, understand in relation to the solution of our problems as an important landmark in shaping the concept of restructuring in our country in the way this was expressed at the Fifth CPCZ Central Committee Session. Yes, all this is in full harmony with our doctrine, with the consistent implementation of the legacy left by the founders of Marxism-Leninism, with the implementation of their conclusions that "socialist society is not something finished once and for all--it must be understood, as all other social conditions must, in constant transformation and reshaping."

The year which has passed since the 17th Congress represents in this context a significant step forward in the realization of the Main Trends of Social and Economic Development, of the Eighth 5-Year Plan, and of tasks in other sectors.

It was a period of our gradually and intensively realizing the depth of restructuring and of the essential need for it, which has already asserted itself and can no longer be relinquished; nor can one go back to what has become outdated. It was a period of an increasingly deep realization of the fact that transformations cannot be a mere improvement of an existing situation, or merely partial amendments. This applies to all spheres; this also applies to the sphere of our cultural life. The absolute majority of our working people express support for this understanding of restructuring, which is not concerned with economic mechanism alone, but with a new revolutionary quality of socialist development. This support was also manifested during Comrade Mikhail Gorbachev's recent visit to Czechoslovakia.

Naturally, we cannot conceal that one can, and sometimes does, also hear false tones in the broad gamut of voices in support of restructuring, as an expression of insufficient understanding of the problems or as a manifestation of simplified thinking--and you, too, know this very well. Such tones must certainly be removed and overcome, to an extent appropriate to their significance and strength.

Surely no conductor will lay down his baton because of a false note, and no orchestra will get up and go home because of it. We would also be most naive

were we to underestimate the efforts of our ideological enemies at home and abroad to abuse restructuring, against the interests of our people and of socialism. But even this is no reason to give up the intention to perfect our society in principle. On the contrary. This merely increases the responsibility of every one of us, the responsibility of party, social, economic, and state agencies, to work out positive restructuring programs on all management levels, in all spheres of social activity; above all, this increases their responsibility to realize these programs under the leadership of party agencies.

The most important area in the fulfillment of the congress resolution is the development of the economy and the achievement of the necessary rates of growth in that sector, above all by mobilizing the qualitative, intensified development factors. We know very well about the considerable, still unused reserves in the orientation toward modernization, toward quality, more effective exports, a perceptible reduction in production consumption, and thrift in investment activities.

The recent Fifth Central Committee Session discussed the need to implement science and technology more speedily than to date. This is a key problem which we have not yet succeeded in mastering. It is also the underlying reason why the rate of intensification changes in economy and the solution of current problems in the fulfillment of tasks planned for the second year of the Eighth 5-Year Plan are lagging.

For this reason we see the way to cope more efficiently with these tasks (but also with this year's plan, on which we place the greatest emphasis), above all in an increasingly authoritative and determined solution of material relations and tasks; in a substantially raised level and responsibility of management activity on the part of executive staff in the economic sphere; and in a basic change of management methods, which are based on the Principles of Restructuring the Economic Mechanism and on the law on socialist enterprise which is being prepared. These vitally important tasks require the support of the entire society.

If we stress that the so-called human factor is decisive in the restructuring process, then culture is, I would say, one of the significant levers in the fulfillment of our tasks. This is so because of its ability to activate man socially, in every respect, and to involve him emotionally in what is happening--to provide him with exciting stimuli for reflecting on his place and role in society and on his relationship with socialism.

If we understand restructuring as a revolutionary restructuring of our entire social life--and it is simply impossible to imagine it otherwise--then it is unthinkable that culture and art could stand outside this revolutionary process and develop in isolation. Logically we have here a restructuring of creative processes, of methods of disseminating spiritual values, as well as of ways in which an artist enters contemporary life with his work in order to influence this life, in order to participate in the hustle and bustle of the emerging new phenomena, in order to convincingly answer the question about the side he is on.

The road toward this primarily lies in the effort to attain high professional standards and to further develop the democratization of cultural life. I think that we can consider it positive that the congresses of creative artists' unions which have been held to date, and also your congress--as indicated by the report on the union's activity presented by Comrade Novacek, as well as by the discussion on this road as conducted up to now--have provided, and are providing valuable incentives. In fact, in fully harmony with the position held by the CPCZ Central Committee Presidium, the congresses of artists' unions are critically dealing with creative work; the congresses have shown how many union members are alarmed by the mediocrity and low standards of creative work, by the artists' escape from social responsibility, and by other similar phenomena.

And I think that it is absolutely right to speak self-critically and constructively about membership in the artists' unions, particularly in connection with young artists; and also to devote attention to rearing a new generation in schools, and to cultivating its esthetic perception and sentiments.

The CPCZ Central Committee Presidium is also focusing its attention on these issues, it has dealt with them as it has dealt with the shortcomings, mistakes, and insensitive meddling in creative activity which have also appeared in the past.

That is why we welcome the open exchange of views at your congress, too; and why we support the critically demanding attitude of those who are striving to grasp the causes of shortcomings and negative phenomena--naturally, without belittling the great positive feat achieved.

In connection with the congresses of artists' unions, but also with the congresses of social organizations, it must be noted that if we are serious about the democratization of our society, if we know that we want and need the maximum activity and involvement in restructuring, it is necessary to learn to perceive the views of others, to talk with them about these views in a businesslike way, and naturally to disprove them in the same businesslike and principled manner if they diverge from the basic ideological principles of our socialist society, to uncover and explain them as incorrect and harmful for our cause. That is also why you artists must search today for a broader path to your public, that is why you must meet your listeners, in order to win new impulses for your creative work and, through this work, to win further new listeners who will feel that art echoes what they themselves feel and what they would like to do and think.

I have yet another issue at heart, which I would like to mention here, namely, that one should never forget that the most significant role in the realization of the 17th Congress Resolution in our society falls on the workers class--the creator of values which are, after all, decisive for the level of our society both for its material welfare and (under conditions favorable for development) its spiritual values. Even in an era of scientific-technical revolution, the role of the workers class will not diminish. Its

political experience, awareness, and commitment predetermine its vanguard role in perfecting socialism. The educational and cultural standards of the working people are constantly rising, as is the level of their material and spiritual needs.

During my meetings with the workers of Prague's plants, I repeatedly heard critical remarks about certain spheres of our work. Deplorably, I also encountered a supercilious rejection of such critical views. But I think that one should properly understand that, in the absolute majority of instances when workers express their views on the work and activities of artists, their opinion is based on their sincere demand for high quality and professional standards--in the same way that, in fact, they demand this in their own work, in everything that determines the good quality of their work. I think that in this respect one must accept their critical views as the criticism of friends, and that one must deal with it without feeling insulted or wronged. At the same time, we would very much like to see the artists go far more frequently among the workers, as they used to do in the past, and to further improve their mutual understanding with this milieu.

Permit me also to speak of your work--and please do not regard this as an expression of immodesty, or of my feeling justified to advise you. I merely want to say here what we in the party leadership discuss on certain occasions things that have a bearing on your work.

Music is undoubtedly part of the broad stream of the development of our socialist culture, part of the rich progressive musical tradition of our peoples, which reaches far back into their history. We must therefore constantly develop a sensitive and loving attitude toward the legacy left by our national giants. We can never do enough in this respect. However, we also very highly appraise the contemporary creative activity and musical works which have an ideological message, which are artistically striking, and which stimulatingly support the harmonious development of the men of our epoch.

The 17th Congress of our party assessed positively the fact that the various kinds and genres of our musical works reflect the honest endeavor to express the life feelings of contemporary man. The congress justly found that the standards of the art of musical interpretation are outstanding, and underscored the significant successes achieved in propagating Czechoslovak musical culture abroad, successor of which we are proud. Our socialist society justly feels great respect for works of art and for their creators and interpreters, and expresses its appreciation with the highest honors. Let us at least recall that 29 composers and interpreters of the art of music have been awarded the title "National Artist" since the 14th Congress. I want to mention with appreciation the creators of the postwar decades, the creators of our socialist era: Ludvik Podest, Vaclav Dobias, Josef Stanislav, Jiri Pauer, Eugen Suchon, Jan Cikker, Alexander Moyzes, and many, many others, to whom we have often been bound by a deep personal relationship. From among those who continued their work permit me to name at least a few from the younger generation--Oldrich Flosman, Otmar Macha, and Vaclav Kucera.

Even from among the broad gamut of creators and interpreters of valuable popular music (evaluated in such a contradictory manner, while at the same time belonging to the most mass-produced music) we greatly respect those who honestly strive to produce quality and originality. Luckily, we have quite a number of them.

However, side by side with successes life does bring conflicts, and sometimes also defeat. Your national congresses honestly discussed this; we are glad that you are also pondering the broad creative problems at this congress.

Regrettably, creators of music are not always capable of coping in a sufficiently competent manner with the need to imbue their work with broader social, moral, and contemporary criteria. For this reason, the composers union should enter the processes of creative searching with yet greater emphasis; it should assume an even greater authority in this respect; and it should stimulate even more effectively the creative activity which is deeply bound to the life of our society.

For, in fact, this is the main mission of all unions of creative artists. Yet, the main thing is to provide incentive for creating works of art which are capable of attracting the listener by their message and which help the listener to get to know the qualities of his personality and stimulate him to develop it. Here you still have large reserves for your work.

New works are emerging from the creative workshops of composers in Bohemia and also in Slovakia, works which document the links and close ties between the cultures of our two nations. That is why I want to ask: Should the unions not concentrate their activities even more than they have until now, on making Czech music in Slovakia and Slovak music in Bohemia a vital part of usual concert programs; and on making our reciprocity also through musical knowledge an increasingly self-evident thing, so that it would mutually enrich us in our everyday life to a greater extent than up to now?

As I have already stated, the people and the mass information and propaganda media are discussing at length both popular music and the standards for its contents and interpreters. In many instances the criticism is certainly justified, even though frequently very one-sided. The institutions responsible for disseminating light music probably do not fully realize that, although the function of this kind of music is primarily recreational and relaxing, it still must not lose its esthetic function--it must not have a negative impact, it must not spoil the young people's good taste and their sense of artistic values. That is why here, too, we must ask: In disseminating light music, should we not see to it--and to a far greater extent than heretofore--that it is primarily the kind of music which is able to fill listeners with joy and optimism, the kind of music which consolidates positive human qualities, while at the same time showing full understanding for the interests and hobbies of young people?

There is one other problem which I would like to mention, at least briefly.

Both during congress preparations, and also during the congresses themselves, dissatisfaction was frequently voiced with regard to the standards and scope of esthetic upbringing; and, with regard to music, critical reservations and suggestions were voiced in connection with the standards and scope of musical education. The criticism is certainly justified. We must really devote greater attention to broadening and improving the quality of the esthetic, and thus also musical, education of our youth; and, in keeping with the cultural policy formulated by the 17th Party Congress, we must develop, and implement more resolutely in practice, the all-social program of esthetic education, while simultaneously making use of the good experience of special interest organizations and of the many voluntary organizers of the necessary music-making and singing, based on rich traditions.

I would like to thank the members of the current Central Committee of your union for their work, and Zdenek Novacek, chairman of the Union of Czechoslovak Composers, personally, for his efforts to bring closer the Czech and the Slovak music cultures.

I want to thank you again for all the positive things done by your union for the development of musical culture and standards of our people in the past period. We feel great respect for all this. And I want to wish you once again many successes in the period which we are now entering--in the coming period which is sure to be complicated, but in which we will be confronted by great work for the further advancement of our fatherland, the CSSR, to which we will devote all our energy and ability.

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CSO: 2020/121

KAPEK, HERMANN ADDRESS YOUTH UNION CONFERENCE

AU120747 Prague RUDE PRAVO in Czech 1 Jun 87 p 1

[CTK and "ada"-signed report: "Regional and City Conferences of the Socialist Youth Union; Higher Demands on the Work of the Socialist Youth Union"]

[Excerpts] Prague [our correspondent and CTK]--Conferences of the Socialist Youth Union [SYU] deliberated in all CSSR regions, in Prague, and in Bratislava on Saturday [30 June], extensively discussing ways to improve the quality of the SYU's work, and to enhance the SYU's authority and the involvement of young people in restructuring our society. The conferences have become an important part of the preparations for the Fourth SYU Congress. The city conference in Prague was attended by Antonin Kapek, member of the CPCZ Central Committee Presidium and leading secretary of the CPCZ's Prague City Committee, and the South Moravian conference in Velke Bilovice was attended by Vladimir Herman, candidate member of the CPCZ Central Committee Presidium and leading secretary of the CPCZ South Moravian Regional Committee.

Antonin Kapek took part in the discussion of the SYU conference in Prague. He expressed appreciation for the standard of the deliberations of the Prague unionists [svazaci] and of their contribution to the benefit of the CSSR capital. He noted that the healthy political tide which has risen in the Soviet Union has also affected our country, especially the young generation--mainly by its exacting objectives of reconstruction and democratization. He further said that at the beginning of everything there is healthy and constructive criticism, which in its final consequence must involve every one of us, that we must all reassess the quality of our work for socialism, for the benefit of all, assess our abilities and possibilities, and unequivocally decide in favor of higher quality. Antonin Kapek stressed that even democracy must be learned, that we must compare its postulates with one's conscience. Democracy does not mean confusion and chaos but, on the contrary, it means the demand for more responsibility, better work, great effort to eliminate all shortcomings.

Vladimir Herman took part in the discussion of the SYU conference in Velke Bilovice. He expressed appreciation for the work done by SYU members and pioneers. He praised their critical approach to their own activity and the fact that they are not content with what has been achieved, something which is the first prerequisite for their work to be even better and more effective in

the coming period. There is much to be done in all spheres. It is necessary to succeed in having each young person feel that the SYU is his organization, in which he can make full use of his knowledge and experience, in which he can develop his interests and hobbies. On the other hand, it is not at all easy to eliminate formalism useless paper shuffling, and various expressions of ostentation from the SYU's work, and substitute lively contact between functionaries and young people for all this.

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CSO: 2400/335

BRATISLAVA COMMENTS ON CHNOUPEK VISIT TO UK

LD182217 Bratislava Domestic Service in Slovak 1630 GMT 18 Jun 87

[Text] Now we comment on the visit of Czechoslovak Foreign Minister Bohuslav Chnoupek to Great Britain which ended yesterday.

It is well worth mentioning that during the visit the representatives of the well-known electro-technical firm Ferranti praised the advantages of commerce and industrial cooperation with Czechoslovak enterprises, and our reliability as trade partners.

The British press today pays attention to the talks of Comrade Bohuslav Chnoupek in London and praises the high political standard of the dialogue between the two countries, and also the fact that British Foreign Secretary Geoffrey Howe will visit Czechoslovakia.

The bilateral talks however also concerned issues of European security. Editor Josef Knizat comments:

[Knizat] This is an extensive complex of problems that continues to develop dynamically and at present we can note the convergence of the viewpoints of the Warsaw Pact countries and NATO. There might be a possibility of a disarmament agreement between the USSR and the United States and it could be that not only issues linked with the medium-range missiles in Europe but also other disarmament issues could come to the fore: specifically, chemical and conventional weapons. There are, however, still problems and stumbling blocks. This was why our foreign minister, Bohuslav Chnoupek, in London justly warned against a sort of spontaneous optimism in the ranks of NATO. One of the most clearly felt problems is that of Pershing-1A missiles which are to remain on FRG territory. Czechoslovakia, being a neighboring country, naturally cannot remain indifferent to this:

[Begin Chnoupek recording] The question of the Pershing-1A missiles on FRG territory is still open. The carriers of these missiles are West German and the warheads belong to the United States. This is an issue that makes Czechoslovakia feel uneasy because it jeopardizes our security. Therefore, our stand on this issue carries weight. [End recording]

[Announcer] The situation is made more complicated by the fact that the representatives of the so-called hardline in the current Bonn government emphasize that the Pershing-1A missiles are not, and will not, become a subject of any talks. Would this not mean a change in the quality and also in the structure of the current balance of powers in Europe? It is not only the FRG that is behind this but the United States too, as President Ronald Reagan has shown in his latest speech:

[Begin Reagan recording in English with superimposed Slovak translation] The United States has also formally proposed to the USSR the global elimination of all United States and Soviet short-range missiles that are on Earth.
[End recording]

[Announcer] Pershing-1A missiles also belong to that category, according to the NATO classification, however Ronald Reagan failed to mention them. The U.S. argument that they belong to a third country and therefore cannot become part of the USSR-U.S. agreement does not hold water. In keeping with the so-called Athen's directives, the United States has the right of decision over its nuclear weapons deployed in Europe. Such an argument would strip the directives of their sense in addition and it would, in practice, avoid the possible agreement between the USSR and the United States.

Bohuslav Chnoupek pointed out in London the serious risks that could result from such a situation when he said:

[Begin Chnoupek recording] If that agreement is not signed, as a result the talks could be frozen for a long time, the atmosphere might worsen and the outlook for strengthening peace and disarmament would be disturbed somewhat. I want to say that our talks were very specific, they aimed at the essence of things and I had the feeling that many of these views were listened to very attentively and that our British colleagues will work with them as realistic standpoints. [End recording]

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CSO: 2020/121

PALESTINIAN CP OFFICIAL ON PARTY STATUS IN PLO

AU090911 Prague RUDE PRAVO in Czech 23 May 87 p 7

[Article by Naim Ashab, member of the Politburo of the Communist Party of Palestine Central Committee: "Recognition of the Role of Communists; On the Results of the Palestine National Council Session"]

[Text] The historic decision adopted by the Palestine National Council (PNC) at its national unity session held in Algiers from 20 to 26 April 1987 on the admittance of the Communist Party of Palestine (CPP) to the PLO as its independent and autonomous component signifies an open national recognition of our party's policy on the Palestinian scene. This decision is also an expression of the appreciation and recognition of the important role played by our party in the process of restoring the PLO's unity, a process which culminated in a number of political and organizational agreements, on the basis of which the last PNC session in Algiers was held.

But this historic decision, which represents a new quality, is of yet another significance. It constitutes an important and fundamental step toward completing the buildup of a united PLO. It is a known fact that Palestinian Communists today command great authority and influence in the Palestinian national ranks, that they enjoy esteem and respect in the Arab world and on a global scale. Their absence in the ranks of the PLO as an independent component was a serious obstacle to bringing about its unity.

The aforementioned decision has introduced a qualitatively new feature into the PLO and has enriched it: the CPP has a rich and glorious history in the Palestinian struggle for national liberation. The beginnings of this history date back to the early twenties. The party represents a healthy current in Palestinian life, one that is free of any side tendencies. The party's policy of the last decades has been marked by a high degree of revolutionary responsibility in approaching the solution of the burning Palestinian problem because of the Palestinian Communists' profound realization of the specific nature of the Zionist-imperialist plans and of the tremendous complexity of the Palestinian issue, which is more complicated than any other regional issue.

The Palestinian Communists' glorious path of combat is marked by steadiness and continuity. Communists have always been ready to bring immense sacrifices.

Owing to this important fruitful revolutionary path, Palestinian Communists have gained, apart from a remarkable influence within their own national ranks, especially on the occupied Palestinian territories, also great authority and esteem within the framework of the Arab and international revolutionary movement. And this is a characteristic feature that distinguishes them from all other Palestinian factions and groups.

There is no need to particularly emphasize the fact that the integration of the CPP in the PLO as an independent component and its representation in the PLO Executive Committee mobilize us to make the best possible use of all this capital, that is, of the party's authority, influence, and experience.

One of the major features of the decision of Algiers is the emphasis of the Palestinians' independence in determining their fate as a nation. It is known that there exist many forces in the Arab world and internationally which resent the CPP's integration in the ranks of the PLO as an independent component. These are the very forces which are engaged in active preparations for a plot against our just national struggle, especially by means of blatant and persistent attempts at interference in the PLO's internal affairs. It must be pointed out here that the PNC session was convened under the slogan of national unity to counter the stubborn attempts of hostile circles and the feverish activity of Arab reaction, which had tried to prevent the session from being held and thereby slow down the process of strengthening Palestinian national unity on an anti-imperialist and anti-Zionist basis.

It is of exceptional importance that firm unity has been achieved again. This is currently the most important victory of our people, along with the fact that our party has become an independent component of the PLO and for the first time takes part in the activity of its Executive Committee.

Another result produced by the historic session of Algiers is the enhancement of Palestinian democracy, which also signifies an enrichment of the features of the future Palestinian state. Our people, who are waging a struggle for this state, vigorously demand that democracy be one of the fundamental hallmarks of this state. The characteristics of this democracy develop and become refined in the process of a tenacious and long-term struggle and of conflicts between the diverse ambitions, stands, and views of individual Palestinian forces and factions.

It is beyond any doubt that the decision of the PNC session of Algiers has increased the responsibility of us, the Palestinian Communists, and our commitment toward our people and our just struggle. This is the case even though in quantitative terms our representation in the PNC does not correspond to our actual influence on the real scene of Palestinian struggle and to the authority and esteem which we command on the Arab and global scales.

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CSO: 2400/335

SANDINIST REVOLUTION SEMINAR ENDS IN PRAGUE

AU121149 Prague RUDE PRAVO in Czech 4 Jun 87 p 2

["pos"-signed report: "International Seminar Ends; Full Support for the Sandinist Revolution"]

[Text] Prague (our special correspondent)--An international seminar on topical issues of the Sandinist revolution ended in Prague on Wednesday [3 June]. It was attended by representatives of party academies and scientific worksites from Nicaragua and Cuba, the representatives of several Latin American Marxist-Leninist parties to the magazine PROBLEMS OF PEACE AND SOCIALISM, and by leading Czechoslovak experts of the appropriate social sciences.

On Wednesday the Nicaraguan guests delivered reports pertaining to current developments in this liberated Central American country, its economy, and the problem of the autonomy of the Indian populace living in regions close to the Atlantic coast. They noted, in particular, the way the Sandinist National Liberation Front has been strengthening the unity of the workers class with its allies, and how it is ensuring--despite the undeclared war by the United States--the continuation of the process of social and economic changes. They drew attention to the fact that, despite the existence of the so-called mixed economy in Nicaragua, the national economy as a whole is oriented toward the gradual transition to socialist construction, which is a fundamental difference compared with other countries which also have a mixed economy but whose regimes have no intention of emancipating their countries from the world capitalist system and their dependence on it.

Jozef Bobek, dean of the Political Academy in Bratislava, the Latin American countries' representatives to PROBLEMS OF PEACE AND SOCIALISM, and others taking part in the discussion, stressed that the revolutionary process of Nicaragua and the defense of that Central American country's independence have the full support of all progressive countries.

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CSO: 2400/335

BRIEFS

COMPOSERS' CONGRESS ENDS--Prague (CTK)--The Third Congress of the Czechoslovak Composers' Union concluded in Prague on 3 June. It adopted certain changes in the union's statutes, including a change in its name. As of now it is called the Union of Czechoslovak Composers and Concert Artists. At its first meeting on the same day the union's Central Committee elected Milan Novak as the union's chairman. Ctirad Kohoutek was elected chairman of the Auditing Commission. [Summary] [Bratislava PRAVDA in Slovak 4 Jun 87 pp 1, 2 AU] /6662

NEW PARLIAMENTARY FUNCTIONARY--Prague (CTK)--The Club of Communist Deputies of the Czech National Council (CNR) unanimously elected Milan Vondruska, CNR deputy, as the club's chairman. The elections were held at the club's 2 June session, which was attended by Jan Bouchal, CPCZ Central Committee department head. [Summary] [Prague RUDE PRAVO in Czech 3 Jun 87 p 2 AU] /6662

DELEGATION RETURNS FROM PERU--Prague (Z)--The CPCZ delegation headed by Eugen Turzo, chairman of the Slovak Communist Party's Central Control and Auditing Commission, returned on 3 June from the Ninth Congress of the Peruvian Communist Party (PCP) and was welcomed at the Ruzyně Airport in Prague by Radoslav Klein, CPCZ Central Committee department head. [Summary] [Bratislava PRAVDA in Slovak 4 Jun 87 p 1 AU] /6662

VISITING SOVIET OFFICIAL--(CTK)--Sergey Siagayev, head of the Department for Medical Care in the CEMA Secretariat who is attending the Prague session of the CEMA Council of Plenipotentiaries and of representatives of countries participating in the treaty on specialization and cooperation in the production of medical immunobiological substances, was received by Jaroslav Prokopec, Czech minister of health, on 3 June. [Summary] [Bratislava PRAVDA in Slovak 4 Jun 87 p 2 AU] /6662

CONTACTS WITH INDIA--(CTK)--M. Varadayan, India's deputy minister of culture who is heading the Indian delegation currently negotiating the execution plan for the 1987-89 cultural agreement between the CSSR and India, was received by Milan Klusak, Czech minister of culture, in Prague on 2 June in the presence of Uday Chand Soni, Indian ambassador to the CSSR. [Summary] [Prague RUDE PRAVO in Czech 3 Jun 87 p 2 AU] /6662

LABOR MINISTER IN GENEVA--Geneva (CTK)--Miloslav Boda, CSSR minister of labor and social affairs, is heading the CSSR delegation to the 73d ILO international conference which opened in Geneva on 3 June. The other members of the delegation also include Viliam Kozik, secretary of the Central Trade Union Council (URO), and Jozef Ciganik, deputy chairman of the Czechoslovak Chamber of Commerce and Industry. [Summary] [Bratislava PRAVDA in Slovak 4 Jun 87 p 7 AU] /6662

PARTY SECRETARIES CONFER ON IDEOLOGY--Prague (CTK)--A national conference of secretaries for ideological work in the party's regional, city, district, and municipal district committees, chaired by Jan Fojtik, CPCZ Central Committee presidium candidate member and Central Committee secretary, and attended by Josef Havlin, CPCZ Central Committee secretary, was held in Prague yesterday [1 June]. The conference dealt with the topical issues of the party's ideological work in implementing the 17th CPCZ Congress resolution. [Text] [Bratislava PRAVDA in Slovak 2 Jun 87 p 1] /9599

CSO: 2400/335

PZPR CONTROL-AUDITING RESTRUCTURING, FUNCTIONS REVIEWED

Katowice TRYBUNA ROBOTNICZA in Polish 25 Feb 87 p 3

[Interview with Eugeniusz Kotas, chairman of SKKR [Provincial Party Control-Audit Commission] in Katowice, by Aleksandra Birek]

[Text] The resolution of the 10th Party Congress appointed the Central Control-Audit Commission and similar commissions at every level of party activity in place of the previously functioning Central Party Control Commission and the Central Audit Commission. In this way, the PZPR statute passed during the deliberations of the congress specified new political and organizational solutions in the area of the party's control activity.

The Provincial Reports-Elections Commission appointed at the Provincial Reports-Elections Conference in Katowice went into action immediately. Today, after several months of work by the newly appointed agency, we asked Eugeniusz Kotas, the WKKR chairman in Katowice, to discuss with us his initial accomplishments.

[Question] Comrade Chairman, what were the underlying causes for consolidating the control and audit commissions into one party agency?

[Answer] In order to answer this question it is necessary to reach into the past to the Ninth Party Congress which introduced new structural and organizational solutions in the area of control activity that did not exist previously in our party. It was decided at that time that, among other things, the commissions previously appointed by party committees will be appointed as follows: the CKKP [Central Party Control Committee] by the party congress, and the WKKP and lower ranking commissions by the reports-elections conferences to whom they submit reports on their activity and in the sphere of jurisdiction [orzecznictwo], they function independently of party committees. Both control agencies have been accorded expanded rights, particularly in terms of control and jurisdiction, e.g., party control commissions have become the only agencies (besides party meetings) authorized to administer party punishment. The 10th Party Congress went further by consolidating the control system within the party into one whole.

[Question] Undoubtedly, the WKKP includes the accomplishments of both of its predecessors.

[Answer] Yes, that may be said. During the past term, the activity of both control agencies brought positive results for the party. It contributed to the strengthening of the ideological-political image of the party and to its ideological, political and organizational unity in eliminating from its ranks people who were not worthy of holding party membership. Party control and audit commissions also made great strides in increasing discipline in the management of the party budget and assets. Their actions served well the raising of efficiency in the implementation of party resolutions and the rapid settlement of complaints and letters flowing into party committees. However, it should also be said that besides these positive occurrences there were also weaknesses in the activity arising mainly from the dispersion of the functions of control organs.

[Question] I would think that some of the activity overlapped each other.

[Answer] Yes, and this was not always conducive to successful activity. It may also be stated that the areas of control and their range were not specified very precisely. It occurred in practice that various control agencies would assume activity in the same area or section because control activity was not always properly coordinated. These problems were the subject of analysis during the deliberations of the PZPR Central Committee Politburo on 16 October 1984 and at the 17th Central Committee Plenum on the subject of raising the efficiency of control in the country and in the party. The 10th PZPR Congress brought a general solution in the form of the appointment at each level of party activity of one control-audit commission.

[Question] Can you tell me what benefits are derived from this decision for party control activity?

[Answer] First of all, I would mention the simplification of the party's organizational structure as well as the standardization of the control-audit system. The precise specification of relations between party committees and control-audit commissions should be regarded as particularly important.

[Question] Thus, the increased importance of the rank of control agencies and the putting in order of the range of activity?

[Answer] Yes. A new control system in the party has been created in the form of control-audit commissions [KKR]. The KKR are not a mechanical combination of their two predecessors--they are not their sum. In an organizational and, above all, in a political sense the KKR represent a new quality of party work. What I have in mind here, among other things, is the creation of a more accessible system of the flow of information, the linking of control activity with jurisdiction, and increasing the possibilities of preventive-educational activity.

[Question] Therefore, what is the PZPR Provincial Control-Audit Commission?

[Answer] Speaking in the most general terms, it is an independent PZPR control agency, appointed by the provincial reports-elections conference, that settles its activity account before the conference and is responsible to it for its

activity. However, what I would like to stress in particular is that the WKKR is not an agency that is superior to party committees and organizations--it is not some sort of super echelon. The Provincial Committee is the main political center for the control of the provincial party organization and the organizer of party work whereas in implementing its activity plans, the WKKR supports party committees and organizations in their fulfillment of tasks, particularly in the area of the effective implementation of decisions contained in conference documents. This is our basic duty.

[Question] How can the purpose of the activity be defined in the most concise terms?

[Answer] This is the constant striving to increase the success of undertakings, the striving to perfect control in the area of the implementation of resolutions by all party elements, and the quick and principal reaction to irregularities occurring in the party ranks. Our activity also serves the party as a source of analyses, studies and observations concerning various segments of intraparty life; it constitutes an internal system of signalling mistakes, deviations, and disregard for ideological and statutory principles. In order to fulfill well the duties imposed on us, we must constantly perfect the methods of control, try to find the causes for shortcomings and weaknesses, and offer assistance to the controlled party elements.

[Question] I should think that the implementation of the resolution of the 10th Congress and of the resolutions of the party echelons will find itself in the forefront of WKKR activity?

[Answer] Yes, all the more that the chief and as yet unsurmounted weakness of the party is the relatively low level of efficiency in the implementation of its own resolutions. I would like to quote Lenin here: "A resolution is the party word of honor that Communists give each other." We shall devote much attention to such problems as the growth of activity among party members, increasing the independence and the role of POP's (Main Party Organization), improving the style of party work, and the consistent application of the principles of party cadre policy. I would like to add that we are taking into account specific, concrete accomplishments and not good intentions and verbal declarations.

[Question] And in the sphere of jurisdiction?

[Answer] We will combat all deviations from the statute, attitudes that are not in keeping with the principles of socialist morality, offenses against party ideological and program principles, the undermining of the party's unity, the stifling of criticism, corruption, defamation, arrogance, bureaucracy, and the abuse of one's position for personal advantages. The WKKR also has the authority to review appeals regarding party penalties and judgements made by lower ranking commissions and to supervise the soundness of party punishment pronounced by POP's, by basic level committees and their executive boards, and by lower ranking commissions. Properly implemented jurisdiction is conducive to the disciplining of party members and serves as a reminder that each comrade, regardless of the post that he occupies or function that he

fulfills, is bound by the same membership principles and the same duties just as the rights of party members are also equal.

[Question] Comrade chairman, do the negative phenomena which you mentioned occur often?

[Answer] No, they are marginal in party activity. However, every margin catches our attention and is conspicuous. Many positive changes have occurred since 1981 in our provincial party organization--of this we are fully aware. The level of party work has improved significantly, the majority of basic organizations are working well and the level of ideological instruction has clearly improved. An increase in party ranks may be observed, e.g., 7,264 candidates were accepted into the party last year of which half were workers. Cases of breaking the statute are also infrequent. However, we would like for there not to be any inefficiently working organization among us and that no one forget about the dignity of being a member. In our commission, we have introduced since the beginning of the term a new organizational schema which with the activity of WKKR members and that of our social aktiv ensures the implementation of tasks.

[Question] Most probably, there are many new people in the ranks of the commission?

[Answer] They constitute 80 percent of the membership of WKKR and of regional commissions. With this in mind, we have recognized the organizing for them of thorough training as a task of primary importance. Training for WKKR members has already taken place. In the next few days, training is foreseen for members of regional commissions and for chairmen of plant control-audit commissions. The selection of material is in keeping with the specificity of our 10 task teams. Since we are speaking about new people in our ranks, let us also mention the new forms of work. The members of WKKR hold monthly workshop meetings in work establishments and in party echelons. Every member of the presidium works on a daily basis in cooperation with one of the Regional Party Work Centers. For example, recently I held a meeting with the socio-political and control-audit aktiv in the "Murcki" mine. Such direct contact is very beneficial.

[Question] With what problems, in particular, did you occupy yourself at the beginning of the term?

[Answer] With the reliability of reporting, the extortion of undue money from the government, wastefulness, inefficient management, manifestation of arrogance on the part of management toward work forces, cases of the subordination of self-governments for the purpose of being in control, and using one's position for personal benefit.

[Question] How many penalties have already been handed out?

[Answer] Since the beginning of the term, a total of 145 cases have been reviewed on a top priority basis by adjudicating teams of the WKKR and the regional commission. Seventeen persons were expelled from the party ranks, 51

were disciplined with other forms of party punishment, warning discussions were held with 51 persons, 17 persons were cleared of charges, and 9 persons were suspended of the rights and duties of members. A total of 182 warning discussions have been carried out.

[Question] Most probably, people react in various ways to party punishment.

[Answer] Yes, but it is with pleasure that I state that cases of seeking protection from the consequences of one's deeds among powerful protectors and making references to revolutionary genealogy are becoming increasingly more rare.

[Question] Does WKKR have many allies?

[Answer] We are working closely together with the NIK Delegation whose established decisions we are implementing, with the public prosecutor's office, with the Provincial Office of Internal Affairs, and with the Treasury Office. Our cooperation with IRCh [expansion unknown], whose control activity we are supporting politically, is proceeding very well. We greatly value our cooperation with the press, radio and TV. We have also established working contact with the control-audit agencies of our allied parties: the SD [Democratic Party] and the ZSL [United Peasant Party]. I would like to stress in first place our broad-scale cooperation with the Provincial Party Echelon and with echelons of the first level. This permits us to coordinate activity and ensures the rapid flow of information. The forms of activity are varied but there is only one goal--to ensure the proper functioning of the party.

[Interviewer] Thank you very much for the discussion.

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CSO: 2600/515

AMENDMENTS TO SAWPY STATUTE DISCUSSED

Belgrade BORBA in Serbo-Croatian 14 Apr 87 p 1

[Article by V.N. Dzafo: "Elections With More Candidates Than Positions"]

[Text] By all appearances there are fewer of those "outstanding issues" in the public debate of the Draft of Amendments and Supplements to the Programmatic Goals and Bylaws of the SAWPY after today's session of the Section of the Federal Conference of the SAWPY for Development of the SAWP.

The amendments and supplements to the Programmatic Goals and Bylaws of the SAWPY need not await amendment of the Constitution and the Law on Associated Labor, but rather that job should be done immediately, but without any haste that would be detrimental to quality. That would automatically eliminate the question of whether at the present moment to incorporate only in the [...] development of the SAWP (which was unanimously adopted), and all the rest after the Constitution and Law on Associated Labor.

The opinion was also unanimously expressed that the drafting of a completely new document should not be undertaken, but rather, as has been envisaged, amendments and supplements to what will in any case be a single document.

The suggestions were also adopted from the public discussion to the effect that there should be more detailed definition of the role of the SAWP as the foundation of the political system, and that also applies to its oversight function.

The elections to the organs and bodies of the SAWP, it is the unanimous judgment, should take place simultaneously. It is also indisputable today that the rank and file in the SAWP ought not to be rigidly defined, and that certainly also applies to recall, expulsion, and the like. Above all because this category should be conceived in dynamic terms, since the SAWP is at one and the same time both an umbrella organization and a sociopolitical organization. Likewise organizational forms must be defined as flexibly as possible.

But even this discussion today did not yield altogether precise answers to a number of questions. These are above all dilemmas as to whether the term of office of the chairman and secretary of the Federal Conference of the SAWPY

should be 1 year or 2 plus . and also whether they should be chairman and secretary of the Federal Conference of the SAWPY or of the Presidium of the Federal Conference of the SAWPY.

As for open ballots, it would seem that the opinion has prevailed that they should exist, but that—if certain communities decide on one candidate—there is no need to insist that there be more. It was said in the discussion that the essential thing is above all democratization of the entire electoral system.

It is worth recording the opinion of Nenad Bucic, who delivered the introductory address, to the effect that two congresses have clearly come out in favor of the open ballot and having more candidates than positions to be filled, that Tito was also precise on this matter and that that was also the position in the SAWPY, but that the last elections showed a mixed pattern. Not only was no one called to account for that, no one was even summoned.

As for the demands for clearer definition of the relationship between the SAWPY and various movements or the assessments to the effect that the draft has underestimated the right of the working people and citizens, that is, their interest to be active in the SAWPY, were several views that we took down.

Nor is it the operating procedures of the SAWPY which up to now have been an impediment because of the manner in which they are organized, but rather the question is how we are organized within them.

After all, if a separate movement arises to protect the environment, and we have the Conference for that, this means that we have not made the right moves, said Mila Tokovic.

We have to emphasize the pluralism of the interests of self-management, Jozse Smole added. But we must also make the distinction between the LC and the SAWPY: in the LC there may not be ideological pluralism, but it is indispensable in the SAWPY and society. That is, most citizens are not in the LC, and they have differing views and opinions. That is why the SAWPY must be here to articulate them, to arrive at a synthesis and joint action.

It is through the SAWPY that we must express the entire breadth, since only in that way can we effectively remove all those tendencies toward the multiparty system. Which means that even in this document of ours we must express understanding for the opinion of citizens and their spontaneous actions and open up room for reasonable alternations and alternative movements, Smole said.

There is a need for a clearly defined position on the part of the SAWPY toward the various movements, said Ratko Kalezic, since if we draw a clear line of demarcation such as the SAWPY is advocating, there will not be any problem.

Franc Setinc, who chaired the meeting, pointed out that when it comes to spontaneity, the Central Committee has shown breadth, and we should follow the road which the Central Committee has laid down in its document. But when it

comes to ideological pluralism, Setinc said among other things, it is a question of ideological pluralism within the commitments of the SAWP.

7045

CSO: 2800/208

FEC VIEWS TECHNICAL DEVELOPMENT PROPOSALS, OBJECTIONS

Belgrade BORBA in Serbo-Croatian 14 Apr 87 p 3

[Article by D. Vucinic: "More Rapid and Harmonious National Technological Development"]

[Text] In the broad public discussion to date of the Draft of the Strategy for the country's technological development general support has largely been given to the document proposed. The Federal Executive Council has judged that that support, along with a number of criticisms, proposals, and supplements made during the discussions to date, will have a constructive impact toward the general commitment of society--bodies of self-management and administration, scientific and sociopolitical institutions, associated labor, and all sociopolitical communities--to faster scientific-technological development and to more harmonious and up-to-date development of Yugoslavia. All of this, of course, aimed at carrying out the stabilization policy.

The decision on this document is to be made soon by the Chamber of Republics and Provinces, and the federal government has just today submitted to the delegates of the Yugoslav Assembly its own positions concerning the criticism made so far by the republic-provincial assemblies and also coming from various other bodies and organizations--whether from the Federation or from various federal units.

What the FEC Does Not Accept

It did not accept, for instance, the criticism of the Bosnia-Hercegovina Assembly that this document should even now define in greater detail in what areas development will be based on the foundations of our own scientific research and in which ones they will be based on the foundations of foreign technology. The reason for this is that the issue is already in the jurisdiction of associated labor. In the second round of the process of selection, depending on its own interest and its own programs and development plans, the economy will for all practical purposes arrange and define which and what sort of technologies it will be applying here and which and what it will be applying there.

Nor did it accept the fundamental criticism of the Montenegrin Assembly and others to the effect that the lines of technological development have been

defined on assessments of the development of new technologies of the more advanced countries, without a sufficiently clear linkage to present technologies and without a determination of the way in which they should be supplemented.

The FEC feels that the Strategy explicitly expresses the linkage between basic and conventional technologies. Basic technology makes it possible for agriculture and tourism and other branches of the economy to upgrade themselves through diffusion, to raise productivity in them, and to achieve greater competitiveness in production and exporting.

Nor did it accept the suggestion of the Macedonian Assembly and Serbian Assembly to the effect that the Strategy should restrict more precisely and severely the transfer of foreign technology so as to prevent the more advanced regions from imposing "technological colonialism" in this way on the less advanced, whether at the international or the national level. Whether within the state or vis-a-vis the rest of the world.

The experts of the federal government feel that the document absolutely prevents this. Professional consortiums, envisaged as a mandatory form of labor on projects and initiatives arising from associated labor, are open to everyone. Through them it will be possible to obtain the personnel and material resources for those who did not have them on their own, and the results of the strategy of technological development and its concept are equally envisaged for all regions of the country. Appraisal and verification of projects, then, will be done within the group of experts, far from the influence of the individual proponents. The Federal Committee for Science and Technology will have only a coordinating role in this, and by no means a decisive technical role, and this will guarantee the objectivity of appraisals of those programs and projects.

The Joint Fund

The FEC accepted the suggestion that there should be clearer definition of the role of the future joint fund that would be used to stimulate technological development. In addition to the joint system for scientific and technological information, that is, a joint fund of resources should also be built up to be used to stimulate all stages of R&D projects and their performance. Of course, it will not be possible to provide material support from that fund for those stages of a development project which involve only commercial risk. This is a matter for the regular investment programs and for business policy.

One of the things the Slovenian Assembly asked for is for the document to state that nuclear technology develop only insofar as it makes it possible to protect the environment and human health.

The FEC, however, feels that economic entities and others responsible for technological development will agree on the individual technological projects at a later date. To accept the proposal for this kind of "limited" development of nuclear technology as proposed by the Slovenian Assembly is not possible. Not at least in this document. That would signify, the FEC says, prejudicing decisions, and the Strategy for Technological Development does not

have the right to do that. The Program for Development of the Yugoslav Fuel and Power Industry has not yet suspended nuclear technology in energy applications in the country. We still do not know whether it will. That is why this kind of commitment cannot be accepted.

In any case, in principle the FEC has agreed with the suggestions and proposals which in one way or another talk about the need to strengthen a market economy as the most favorable environment for more rapid technological development, concerning the need to create more favorable conditions for increasing the search for scientific results, and concerning the importance of drafting commitments important to the development of our own technologies and scientific research and optimum use of imported technology.

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CSO: 2800/208

RADONJIC DISCUSSES RECENT IDEOLOGICAL STATEMENTS

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian 10 May 87 pp 16-19

[Interview with Radovan Radonjic, chairman of the Commission of the LCY Central Committee for the Ideological Effort, by Jug Grizelj, conducted in Titograd on specified recent date: "We Agree That We Do Not Agree"]

[Text] The name of Radovan Radonjic was launched into the broad political public in recent months, especially since the Fifth Meeting of the LCY Central Committee last November and all the publicity given his speech at the Seventh Meeting of the Central Committee (held last week and called the "ideological plenum") in all the news media in Yugoslavia. These two speeches, one might say, were devoted to the same topic and led to the same conclusion: the leadership of Yugoslav Communists--Radonjic says--can no longer be satisfied with the assessment that there are more questions without answers than those of the other kind and that agreement is most complete in the assessment that there is no agreement and no concrete program of action for getting out of the general social crisis. The premise of both speeches was that the highest party bodies cannot go on endlessly discussing and that if "we are unable to agree on the vital issues of future development, it is time for us to make it possible for a new central committee that will have the power and ability to do it." A few days ago we interviewed Professor Radonjic in his office in the School of Law at Titograd University over that same range and concerning the same arguments:

[Question] There have been many before you who have judged that the League of Communists is in crisis, but you have defined the idea most sharply--if I interpret you correctly--that the first cause of all Yugoslav crises lies in the leadership bodies of the League of Communists which are unable to reconcile differing positions concerning certain essential matters in future development, and as a consequence the entire society is brought to a halt. Does this mean that you are disturbed above all by differences?

[Answer] Differences in Yugoslav society are a normal consequence both of differing historical legacy and also of differing level of development and a countless number of other specific features of civilization, religion, culture, and other areas on this Balkan soil which for centuries was stretched between East and West, between Islam and Christianity, between Orthodoxy and Catholicism, between the opposed interests of many large empires which for

centuries held parts of what is now Yugoslavia. A society or a movement which would cast in a mold and make an artificial conformity of people and customs in Yugoslavia and do away with the differences would be condemned to failure. Difference, then, is not only an inevitability, but also, I believe, an enrichment of any society, including this one. What I do not consider normal, but judge to be tragic, is that a working class movement like ours, i.e., its vanguard the League of Communists, which claims to the leading role in society and has a monopoly on all ideological and political decisions--has for years been unable through political reason to penetrate the essence of the strategies and possibilities for overcoming those differences, but has rather behaved like some debating society which has time to burn.

It is neither unnatural, then, nor indeed accidental, that in society and in the League of Communists more alternatives and visions of Yugoslavia's future development are meeting side by side, but it is tragic that even in the leadership bodies of the League of Communists the impression is being left more and more that the differences cannot be overcome--that this is practically the only thing that is left to us--to part company. In listening to our discussions and endless battles of wits--it is no wonder that even objective observers are beginning to ask themselves: What is it with these Yugoslavs, are they blind to examples--let us take only the example of the European Community--countries with much greater differences than exist in Yugoslavia, in which agreements are reached without our inherent dramas and threats of hopelessness and helplessness?!

[Question] You began your career as an apprentice in the industrial school at Zeleznik outside of Belgrade, as a fitter at the steel mill in Niksic, that is, as a man "who made himself," and it is a bit surprising perhaps that you appeal for a solution to the country's problems above all to the leadership bodies, as though you do not believe in the forces of the base, of society as a whole.

[Answer] But I do, of course. The reason I appeal to members of the Central Committee is above all because I was elected from the base to act and to say what I say in that body, and second, because I am not such a naive person as [not] to be aware of the balance of power in our society. We unfortunately continue to be an eminently political society in which political structures, that is, their confined activist nuclei both objectively and subjectively have great power and influence. It might be said that the feeling of a kind of drama of "unsurmountable differences" does not come from the people, and certainly not from associated labor. And if there existed agreement in the activist nuclei of the League of Communists with respect to a clear program, we would not be talking about a state of disunity today.

I am not trying to idealize either the "popular masses" or the "working class," but are we not witnesses, especially recently, of the desperate or humble prayer of the working people who appeal to the leadership with their desire for it to "finally come to agreement" on what should be done and how? After all, people do understand that every delay only worsens the general social situation and also their own personal situation. The sociologists might have more to say about this, about how the problems of so-called unity in Yugoslavia are expressed above all within the management structures, those

which have the greatest social influence, from which it is easy to conclude that unity in society would be easy to achieve if there were more unity in the leadership. To be sure, we face the fact of people's ever greater loss of confidence in the possibility that the elite will provide solutions. One of the pronounced moments of loss of that confidence is the great opportunity that was missed during the partywide and nationwide Yugoslav discussion of the 13th Meeting of the LCY Central Committee, when millions of people in Yugoslavia expressed their critical ideas and their visions of a possible unity, and when it seemed to people that the moment had come when they would be able not only to say what they thought, but also to influence the decisionmaking (were they not told: tell us what to do, and we will do it), and then....

[Question] ...Then the result of that nationwide Yugoslav referendum was manipulated....

[Answer] I think that we cannot speak about conscious manipulation of that discussion, which was aimed at achieving certain opposite effects that were desired, since that then would be an act of counterrevolution....

[Question] ...Let me just recall what was said about this at the 13th LCY Congress: that in the "summarization" and preparation of the reports from the republics and provinces following those discussions--the ball was largely dropped and the cutting edge of the criticism was directed toward the federal administration and federal bureaucracy.

[Answer] I think that even in this case we can say that bureaucratic logic and consciousness, acting as a middleman in summarizing and reducing and categorizing a discussion, left its mark. This is quite evident, since the concluding documents summarizing that discussion portrayed something that was too much like what those structures wished had been said in the discussion. And that fact merely reveals yet again the "secret" that the bureaucracy is very powerful both in society and also in the League of Communists, and that it took advantage of its middleman role in this task to protect its own position, playing down and dislocating the nationwide Yugoslav character of the antibureaucratic criticism expressed in that discussion, whereby it turned around the idea and the purpose of that referendum and emerged almost strengthened from that discussion, demonstrating some kind of fatalistic inevitability of its own strong position and indispensable guiding role in society. To the extent that it is possible with the "naked eye" to see that the cutting edge of worker criticism was aimed at the plebiscite position of all citizens that they do not regard the bureaucracy as their authentic representative, to that extent the bureaucracy managed to wisely jump over that disposition and, I would almost say, to strengthen its position and almost confirm the "love" of the people for the bureaucracy.

[Question] It now remains for us to translate that euphemism "bureaucracy." You yourself have been more open in talking about it!

[Answer] In day-to-day political communication it always seems to me that it is easy to define the term "bureaucracy." As a matter of fact, it is a very complicated social and psychological entity in present-day Yugoslav society.

The bureaucracy is made up by members of the conventional administrative and managerial apparatus and a portion of management structures outside conventional government bodies and agencies, and by a portion of leadership structures in political organizations, and a portion of technocratic structures which very gladly collaborate and "render services" with the political and government elite, since this makes it possible for them to share authority and power. Sometimes a portion of the elitist intellectuals, professors, members of academies, sociologists, and so on, also hold strong positions in the bureaucracy, precisely at those points where all those who live by tirelessly repeating the slogan that they are in favor of self-management and obtaining one's living from the results of one's work, but in fact, if that commitment should come to pass, they would lose all their influence and numerous privileges. That is why in the name of self-management they issue regulations, they adopt programs, they give subsidies, they set limits, they institute freezes and thaws, and in general they rule in the name of associated labor. It goes without saying that the League of Communists is not immune to bureaucracy, since if it were the problem would not exist; those forces would be outside the law and outside influence, not only because of the sheer number of members of the League of Communists and their intellectual force, but above all because of the fact that members of the League of Communists occupy almost all the most responsible posts in the economy, politics, and society.

[Question] At the ideological plenum held a few days ago one of the things you proposed was to have the proposed version of conclusions drawn up by the Presidium of the LCY Central Committee instead of a working group, since this was an occasion to demonstrate the unanimity of the Presidium. You then proposed that a specific action program be adopted and that the implementation of that program be a condition for the tenure and survival of both the Presidium and the entire Yugoslav Central Committee--in the sense that if the program is not carried out, the leadership would resign. How did that proposal fare, and perhaps still more important: what led you to put it that way?

[Answer] I must go back a bit. At the Fifth Meeting in October I talked about two types of crucifixes the League of Communists is stretched on. The first consists of the fact that the League of Communists has still not specifically committed itself to its role of the leading ideological force in society, that is, it has not carried through the "divorce" from the government, whereby it would be in a position to be a critic of the government, as in fact its role has been defined in the LCY Program. This way, it is in a situation--ever less frequently, to be sure--of receiving congratulations when government bodies are successful, but in a situation as in our government today when there are more and more failures, the League of Communists also gets beatings it does not deserve even for what is not its fault, and all because it stands firmly behind the government both when it is wise and when it is not.

The second "crucifix" of the League of Communists is that on the one hand it is trying to operate as a unified Yugoslav revolutionary political organization, while on the other, since objectively the League of Communists is a federalized organization, the process of so-called national

identifications of its republic and provincial organizations, has gone to the point where it is pronouncedly furthering and defending what is referred to as that national interest, the interest of "its own" working class, and general Yugoslav interests are being neglected. If the LC does not resolve these "crucifixions," it will not any longer be able to be a vanguard that can act as the ideological leader of Yugoslav society in these times. Such a party made up of countless little parties, at the republic, provincial, and opstina level, is condemned to be a party that takes "mincing steps" and has "large disagreements," when it is not possible to get out of our crisis with mincing steps, compromises, and bargaining. That is why I insisted on a proposal that the Presidium attempt to come forth with a specific "list" of all the unresolved issues and also with a program of action, directly before the Central Committee of the League of Communists of Yugoslavia. The idea of that proposal, then, was to reaffirm the LCY Presidium--not as a delegate body, but as the united leadership of Yugoslavia, which to a still greater degree must also apply to the LCY Central Committee, which is the highest political body between the two congresses, at least until we decide otherwise.

I think the leadership should truly lead and not talk high-mindedly and handsomely and write resolutions. That is why we elect the best people to the leadership, and it must confirm its revolutionary identity above all through its ability for organized action both by force of argument and also by insisting on the principles of democratic centralism. That is how I see the role of the Yugoslav party leadership; and now, if I might make a small digression, I hope I will not be considered out of the way! Where would Yugoslavia and the League of Communists be in history today if in 1937 Tito had waited for approval from the Comintern and had only then made the decision on consolidation of the CPY and on bringing the leadership back into the country? Where would we be if in 1941 Tito had waited for the clearance of the bourgeois parties and only then had appealed to the people and the party to rebel? Where would we be and what would we be today if in 1943 Tito had waited to get the consent of all the allies on organizing the new Yugoslavia and only then had held AVNOJ? What would have become of us if in 1948 he had entered into a doctrinaire debate with Stalin instead of deciding to oppose him publicly and steadfastly; if in 1950 he had waited for prior consent of his own bureaucracy to introduce self-management...and so on, and so on?

So, Tito is no longer with us, we can no longer operate in that way, I agree, the times are different, but is it not still the movement's obligation to bring deeds into line with thinking, to really carry out what is regarded as the program? But that can be done only by a determined leadership which is able to take responsibility within the limits of its powers and rights. We are really too quick to forget that citizens of the SFRY believe in the LCY as the leading force only insofar as it proves its deliberateness and ability to carry out the program it offers and to make proposals both to its own membership and also to the entire citizenry.

Were my proposals adopted? Well, a vote was taken on those proposals, but somehow cumulatively, but I think, I want to believe, that those proposals were also adopted. I think that this is in fact the belief of a majority of the members of the Central Committee. For me it is a truly great encouragement that at the end of that meeting it was nevertheless unanimously

decided that a document which would enumerate all the issues on which there are differing views would be openly taken to the Central Committee and therefore also to the public, and an attempt would be made to find solutions. I think that this is the beginning of consolidation of the party leadership of Yugoslavia in keeping with the demands which were dominant both at the 13th meeting and also at the 13th LCY Congress. Incidentally, this is in fact the strategy which is imposed by the very logic of events, since it is being clearly shown that the way we have operated up to now, which was distinguished by a "constant transfer" of topics and problems from the Yugoslav leadership to the leadership of the republics and provinces, and then back again to the Yugoslav leadership, did not yield good results. What people expect of us today is no longer for us to issue more and more new communications and conclusions about how we should do this and that, but that we should actually do it.

[Question] You also had a discussion with Dolanc at the fifth meeting. How did you perceive it?

[Answer] I did not perceive the fact that Dolanc did not agree with my opinion that the League of Communists as it is now is unable to take responsibility other than as an equal opinion which did not agree with my own. I am afraid, however, that the time that has passed since November has only confirmed still more that the LC is really no longer able to take responsibility unless it frees itself of at least the greater portion of the grave disagreements and differing views within itself. In any case, I think that argument is a normal mode of communication and that we have a duty to come out in public more and more with our differing opinions, since it has been shown that people can no longer stand all of our various documents in which we are all "agreed" and we all praise one another, documents which say that so-and-so and someone else and a third party are right, and then follow new documents in which we are again agreed, but ultimately people ask themselves: Is it not suspicious that there is so much talk about agreement, day after day, month after month, and yet the split is wider and wider?

[Question] There were several who were of the opinion, and I would almost say that you were among them, to the effect that "the best thing would be" for the leadership to sit down, if necessary for a week, but "without spotlights," and to decide all the problems. Do you think that the system of "secret dinners" is suitable to our society?

[Answer] I am only a realist. The fact is that without the participation and indeed the pressure of the base there is no solution, there is no forward movement, there is no democracy, and there is no self-management, but it is also a fact that at this moment what we refer to as the base is unfortunately pushed far down. I therefore think that it is realistic for the leadership to discuss it, even without spotlights, and then to come out in public with all its agreements and disagreements before the judgment of the people, the working class, before the League of Communists. The situation is paradoxical: I would say that both the rank and file of the League of Communists and the entire working people took their position both at the 13th congress and in connection with the 13th meeting, everyone except the leadership, and that is why now we unfortunately live in a situation when we have to call upon the

leadership for it to take its position as well concerning the opinion of the people and the base.

[Question] Here is yet another paradox: You are the chairman of the Commission of the LCY Central Committee for the Ideological Effort, you have been saying what you have been saying and proposing what you have been proposing, yet the broad public perceives your speeches as all but some kind of "bravery."

[Answer] Today 't takes great bravery and great responsibility to keep silent in this crisis. I think they are truly brave who in this situation avoid speaking out, those who congratulate you when you say something, but do not themselves go to the speaker's rostrum. Aside from that, is it not unusual: no one is amazed at the general degree of personal freedoms achieved in Yugoslavia, not even the freedom of speech, including the right to public and alternative expression in the newspapers, and no one refers to the people who behave in that way as being brave. We must truly wonder, then, why the public speech of a member, of a forum, of a voluntary organization like the League of Communists, should be regarded as courage.

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KLEMENCIC DISCUSSES SLOVENE ECONOMIC SITUATION, INCOMES, CADRES

Belgrade BORBA in Serbo-Croatian 30 Apr-3 May 87 pp 9-10

[Interview with Vlado Klemencic, member of the Presidium of the Slovenian LC Central Committee, by Blazo Sarovic: "We Simply Want a Better Yugoslavia"; date and place not given]

[Excerpts] Is there anything characteristic that distinguishes Slovenia's economic and social developments today and sets this republic of ours apart from what applies to the remainder of the country? The question, of course, could also be put the other way about: To what extent is everything characteristic of the entire country characteristic of Slovenia as well?

We talked about these and other questions which in our judgment are of interest to the Yugoslav public with Vlado Klemencic, member of the Presidium of the Slovenian LC Central Committee.

"It should be said that economic developments and everything happening in the country's economy are in many respects similar or related. If we can speak of differences, then they lie more in quantity than in other forms. Unfortunately, the common denominator which distinguishes this present economic situation is the economic crisis that has existed for several years in Yugoslavia and, of course, also in Slovenia, and it is this that puts its imprint on the conduct of economic activity in Slovenia," Vlado Klemencic said at the beginning of the interview. "We talk about momentary parameters, but by and large it is well known that production did revive this March after a 2-month lag. As for exports, especially to the convertible area, the situation is not so favorable. The difficulties in meeting obligations abroad are still quite pronounced. But in spite of a number of negative indicators which are characteristic of the crisis, there are noticeable constructive changes taking place beneath the surface which, burdened as we are with our problems, it seems that we are not willing to see. Perhaps most significant is the noticeable reorientation toward strategies whose aim is to achieve larger income through more intensive conduct of economic activity. This phenomenon is evident, although the high rate of inflation is largely canceling out the efforts made and the results achieved."

The Pressure of Economic Coercion

[Question] Does the economic situation, with the features of a pronounced recession, afford the possibility of the organization on the run, and to what extent does this kind of situation allow for a change of economic laws?

[Answer] This kind of unstable situation such as we now have does not stimulate the seeking and finding of income strategies. The pressure of economic coercion, then, has not been sufficiently visible, but still it is making its way and it is clearer today than yesterday. I can say that we have a number of enterprises which have oriented themselves toward increasing product quality, knowing that quality is the principal element that makes for larger income whether on the foreign or the domestic market.

[Question] What are the largest problems encountered by the Slovenian economy?

[Answer] We have been lagging quite a bit in development of the highway network, which, as we know, requires large investments, and much the same is true of the rest of the economic infrastructure. The needs are also great in correcting ecological problems. But on this occasion let us single out the problems of outdated equipment and other fixed capital. In this area there is much that needs to be done and invested for us to keep pace with the world, so that we do not have to withdraw from markets which we have already captured. We are trying to maintain that pace with particular efforts on innovation, but new engineering and technology are something which in the end one cannot do without. According to the figures for 1985, equipment in industry and mining has been written off at a level of 71 percent, which is the highest percentage in the country. But let me be clear: We do not look on that problem in terms of an oversimplified demand to import equipment, although there are such tendencies coming from the economy. The importation of equipment does not in and of itself solve all the problems. This is impossible unless there are also changes in personnel and their attitude toward work, in mentality, in their ability to master the new technologies. All of that is impossible unless there are changes in education, unless education is modernized.

The Sluggishness of the Educational System

[Question] A meeting of the Slovenian LC Central Committee has in fact been devoted to personnel and education.

[Answer] What we said in our Central Committee was largely directed toward those efforts, toward the questions of what should be done in the entire process of education so that it is better adapted to the needs of the 21st century and the needs of the new technologies. We achieved a certain progress, but not so much that we can be altogether satisfied with everything that is happening in education. The regular educational system which we have is adapting too slowly to what economic development is demanding, which accounts for the string of demands and proposals for a supplemental system of education outside the regular system of schooling.

[Question] To replace equipment which has been written off at a level of 71 percent, as is the case in Slovenia, requires a great deal of money. Can it be obtained from the accumulation which the economy of this republic is generating, or is thought being given to new moves to obtain foreign capital, to take credit?

[Answer] By and large we are counting mostly on our own accumulation, that is what we are building our program on, but borrowing abroad might be an integral part of that program for restructuring the Slovenian economy in such a way that it does not bring about a state of overindebtedness.

The percentage of accumulation relative to distributed income on the basis of year-end statements for last year in Slovenia was still the highest in Yugoslavia. (In our republic it is 14.1 percent, and the lowest rate is 7.2 and 6.8 percent.) But this is still not enough for us to be able to move faster toward modernization. Accordingly, I do not see here any danger of moving in the direction of some large-scale borrowing.

[Question] What is the size of Slovenia's foreign debt...?

[Answer] The level of indebtedness of organizations in Slovenia is the lowest in Yugoslavia, and one gets a similar relationship if the debt is divided among the republics. In late 1986 the foreign debt of organizations in Slovenia (convertible, medium-term, and long-term) was \$1.67 billion, that is, slightly more than 9 percent of the country's convertible debt. We assume that we will be involved as we have been up to now in using external credits granted by the International Bank and European Investment Bank, for example, to modernize the main railroad line and also to modernize the "Brotherhood-Unity" Highway. However, the concept of using those credits would have to be different; they must stimulate numerous economic activities related to the construction of those projects, and they must be a stimulus for restructuring the economy.

[Question] There is constant talk about the need to change relations in distribution. The measures of intervention have reacted only to restrictions on that portion of income which is going for personal incomes of employees. Is Slovenia preparing some measures "of its own" concerning distribution, measures which would have importance to invigorating the economy?

[Answer] The problem of disturbed relations in distribution is evident in Slovenia as it is in the country at large. Following a period when we had a considerable drop of real personal earnings and also a real drop in the share of social service and government expenditure in the social product between 1980 and somewhere in the 2d half of 1985, an upward trend is beginning; it flared up quite a bit last year and has shown strength at the beginning of this year, until it was cut short by the intervention measures, whose effects remain, of course, to be seen. But regardless of the intervention laws, even at the end of last year we had turned activities toward creation of appropriate relations in distribution of income and personal incomes. We are also preparing a special plenum of the Central Committee on that topic.

Disrupted Relations in Distribution

So that we might have a clearer picture of the real situation, we analyzed the situation in 36 collectives in Slovenia, most of them collectives which could serve as an example of good business operation, and on that basis we attempted to reduce all the discussions of self-management accords, social compacts, and general self-management acts in OOUR's concerning distribution of income to certain common denominators. The purpose was to place the entire system of self-management relations in distribution on more functional foundations. To achieve that we had to arrive at a uniform measure of economic efficiency. Here we took as our point of departure what was stated at the 24th Meeting of the LCY Central Committee, but now in the sense of making it operational and specific, so that it is evident how each individual work organization has performed economically, and so that the right to personal incomes which are above, below, or at the average of the economy is determined on that basis. If by that measure of economic success the collective conducts its business above the average, then a degressive scale for the rise of personal incomes comes into play, which in practice means that if a collective is above the average for the economy in its economic performance, those employed there will not have personal incomes which are higher by that same amount; they will progressively be setting aside more for accumulation and their own development. That is the most important part of our activity aimed at finding sound relations and criteria in distribution.

[Question] Won't that method of distribution do away with the incentive to work with more effort and quality, which is already quite insufficient?

[Answer] There is no debate that above-average economic results also afford above-average personal incomes. But still we must stimulate to a greater degree the good and creative work of the individual or group. It is obvious that neither in Slovenia nor in Yugoslavia have we appropriately utilized our labor potential and achieved the results being achieved by Europe and the advanced world.

It is high time that we in Yugoslavia face this fact for what it is and admit that we have come up very short in this realm of accomplishment. And that means that we have not been employing socially owned resources anywhere near as efficiently as this is done by the more advanced countries.

[Question] How and in what way are the workers to be motivated for better and more efficient work, for greater creativity?

[Answer] That is the other part of our interest, something we are working on now, and achieving it will certainly generate greater differences in personal earnings, especially among workers doing the same or related jobs within the same OOUR. We believe that in this way we will create conditions so that those who do better work can earn far more than those who are not doing their jobs properly. If we accomplish what we have set out to do, then the workers will also have a greater influence on personnel policy and on the organization of work, which is rather weak in many branches of the economy.

Respect for the Requirements of the Market

[Question] Does this mean that adoption of the new relations will increase every individual's interest in the quality of the finished product, not just for the operation he does himself?

[Answer] Exactly so. The workers must know that their income depends on the sale of the product on the market. Which means that it depends on the product of the quality being offered. A linkage is established thereby between the evaluation of their labor and the requirements imposed by the market. I am not thinking here of a linkage between the physical work done, although at some point that is also necessary, but of the continuing interest of the worker and self-manager who must be aware of how his product is sold and what it sells for, who must be involved in business policy, so that what he does physically is put in the right perspective.

Strikes Are an Exceptional Strategy

[Question] Strikes, or work stoppages as we are now calling them, are an increasingly frequent phenomenon in the country. Nor has Slovenia been overlooked in this. What are the views of "official" Slovenia toward strikes?

[Answer] We took up this topic in a meeting of the Slovenian Central Committee concerned with the issues of work stoppages, and then a clear position was taken that the problem should be resolved in the collectives through the regular channels that exist, but that we cannot oppose the strike in principle as an exceptional strategy in solving problems which could not be solved through regular channels. And when a strike occurs as an exceptional means of solving problems which have accumulated, an evaluation should also be made as to whether what has been started is acceptable, whether it is really a case of problems that could have been solved, where the responsibility is for their not having been solved, or is it a strike in which demands are simply being made which have no real basis, which could not be met. There are also strikes of that kind in which it is obvious that someone wanted something that he cannot be given.

[Question] On the average Slovenes live better than any other parts of Yugoslavia.... It is no secret that in the rest of Yugoslavia there is a certain belief that Slovenia always occupies an exceptional position and status in the Federation....

[Answer] I would say first that in our economic development policy we have not managed to essentially reduce differences in the level of economic development. I am speaking now about the country as a whole, so that I would say that the basic consequences of this even for the standard of living are related to the level of economic development. Let us look at some comparisons by republics and provinces; in 1986 gross personal incomes per worker and then net personal incomes per worker in Slovenia, and they were in keeping with the level of income and net income realized per worker and the gross income per worker, in fact these differences were even somewhat greater than the differences between personal incomes of Slovenes and the Yugoslav average. Net personal incomes were 42-43 percent higher in Yugoslavia than the national

average, but accumulation per worker was 74 percent higher than the Yugoslav average. In Slovenia income per employed person is 58 percent higher than the Yugoslav average.

Accordingly, it could not be said that the present level of personal incomes in Slovenia is above the level of its economic development. A more difficult question which none of us have the answer to as yet is the question of productivity, a more objective measurement of the productivity of labor.

We in Yugoslavia have not managed to reduce differences in the standard of living relative to our neighbors the Italians and Austrians, I would say that in the period of the economic crisis these differences have in fact even increased. However, I simply would not like to get involved in speculation as to who is living at someone else's expense, since even in Slovenia you will soon find those who will say that we have fared worse in this country, while in another section of Yugoslavia there will in turn be people convinced that they have fared worse. Unfortunately, there is no analytically clear yardstick which might be used to measure this once and for all.

There Is No Applause for the Crisis

[Question] Some of the demands coming from Slovenia are conceived in other places as shattering for Yugoslavia. How devoted are Slovenes to Yugoslavia?

[Answer] We are in favor of Yugoslavia, but a Yugoslavia that would function better. That is the context in which one should take the criticism one hears. There is no dispute that we favor Yugoslavia, but we cannot applaud the situation of crisis we find ourselves in. We must join together in seeking a solution to get out of this.

[Question] We are witnesses that it is Slovenian political entities which often fiercely oppose demands for radical changes. Is this a question of a fear of change so as to not lose vested positions or...?

[Answer] I could not agree with the line of thought that there is no readiness for change in Slovenia. On the contrary. There is a readiness to go in that direction, to find the answers and solutions for our current problems, for the economic crisis, and it exists above all in Slovenia. I think it is clear that if there are really tendencies in Yugoslavia, say, to transfer decisionmaking about the cultural development of Slovenes to some federal agencies, there would be resistance to that. I do not at present see any real danger of anyone in Belgrade seeking that. Accordingly, a word or statement here and there can create dissatisfaction and mistrust among us. There is more of that mistrust in Yugoslavia now than there was, but this includes a great deal of unnecessary mistrust which is poisoning our relations and preventing us from going forward faster. We must take pains and make an effort so that Yugoslavia yields better results. This is a message that will be taken up throughout Yugoslavia.

[Question] It is obvious that that kind of Yugoslavia is difficult to bring about relations being what they are.

[Answer] I am no expert on the political system. We have lagged furthest in reforming economic relations. We first should make reforms and face the economic facts, and then the political changes would also fall upon fertile soil. This, of course, does not mean that we should wait with the changes in the political system aimed at democratization of political life in the country.

In certain collectives, in the republics, in the country as a whole, the essential thing is how much political strength we will have to demystify the present economic problems. The more strength Yugoslav society has in this sense to look at the economic problems and causes as they are, the better the results will be in overcoming the crisis.

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RESTRUCTURING OF ECONOMIC MECHANISM PLAN DISCUSSED

Prague HOSPODARSKE NOVINY in Czech No 9, 1987 pp 1, 5

[Article by Prof Eng Frantisek Valenta, Dr Sc., corresponding member of the Czechoslovak Academy of Sciences, director of the Economic Institute, Czechoslovak Academy of Sciences: "Restructuring the Economic Mechanism; Concept of the Plan"]

[Text] IT has been 30 years since the first practical attempt to restructure the management of the national economy, recalled the premier of the federal government in a speech at a statewide aktiv on meeting the conclusions of the Fourth Session of the CPCZ Central Committee. It is also exactly 3 decades marking the development of theoretical views on this problem. Meantime, neither practical efforts nor advances in theoretical knowledge, nor both together, could have led to the expected decisive success which during all this time was and still is quite justifiably connected with the drive of our national economy along the effective track of intensive development. However, 30 years of trial and error, often even repeated, in theory as well as in practice, may be regarded as a process which has accumulated a great number of invaluable experiences. We believe that the time has come when the number of experiences will dialectically develop into a new quality of practical actions. The principles of restructuring the economic mechanism are setting the stage for this, especially in ways which differ from past attempts.

Changes Made for the First Time

To be sure, the principles differ in many ways from those recorded earlier. But the new quality of the economic mechanism which can be pursued is not based solely on the sum of differing single changes. Besides those which, according to the principles, will only use a variant of a new way to solve problems which were handled also in earlier attempts, now some important changes will be instituted for the very first time. This is really the essence of the present restructuring of the economic mechanism and the new quality depends on its practical application. The point of intersection of these fundamental changes being instituted for the first time is the new concept, substance and structure of the state plan and the economic plans and their interrelationships.

Of course, we cannot say that earlier attempts at changes in the management of the national economy did not include requirements to improve planning. On

the contrary, in all cases, even in the Set of Measures from 1980 and in the new system of management from 1966 and also in the changes in planning and financing of 1958, these always called for promoting long-term concepts in planning; and in the 5-year plans as the basic plans, there were requirements for internal balancing of the plan, etc. Meantime, never had it been stipulated that the concept of the plan, its essence and structure must be changed--among other things, so that the plans could in fact be long-term and internally balanced, but especially so that the plans could encompass new intensive sources of economic growth and increased efficiency of the national economy. It is precise this change which is now being introduced for the first time.

The key significance of this change is expressed in the principles spelled out in the 11th article. However, we will quote from the speech of the premier of the federal government at the statewide aktiv on meeting the conclusions of the Fourth Session of the CPCZ Central Committee: "We consider the changes in the system of planning and in the concept of the state plan as absolutely fundamental and decisive for the restructuring of the economic mechanism." In other words, this change will lead to a new quality of economic mechanism corresponding to an intensive form of economic development and a new quality of economic growth.

If there is a change in the concept, substance and structure of the plan now for the first time, this means that all prior attempts at change in management were incomplete, not comprehensive. And moreover, because they did not get to the heart of the management process which determines the orientation of national economic operations, their proportionality, structuring, etc., all prior attempts were limited to changes in peripheral areas of management which control current economic activity.

We may well ask why this was so. It is quite proper to look to economic theories for an answer to this question. Even at first glance, however, we can see that the whole, lengthy development from an extensive type of economic mechanism to the new intensive form was and, for now, still is, a complicated and internally divisive process for bringing about unity in the struggle of contradictions in the economic sphere, and that it possibly even exemplified the application of the dialectical principle of negating negation in the development of socialist society.

Past Attempts

At the beginning of this process there was the attempt at changes in management at the end of the fifties. Basically, it was an attempt to renew the already dying growth potential of an extensive type of economic development on the basis of the original concept, substance and structure of the plan by stimulating the interests of economic organizations to adopt more demanding and higher goals for the plan by means of long-term norms and economic incentives. At that time there still was uniformity of criteria and stimulants for current economic activity (as a process of plan fulfillment) with the system of indicators in which the plan was put together. It was, however, a unity of extensively oriented criteria, stimulants and indicators. The important thing was to stimulate more rapid extensive development of the national economy. For these reasons this attempt could not meet the original expectations.

Actual dialectical, that is, internally contradictory development of the system of management began when they abandoned pursuing the first attempt. It began with discussions in the first half of the sixties and resulted in a new system of management in 1966. Its basic characteristics reflected the preceding discussions. Even then they discussed many things that are also now being discussed. But there is one basic difference between the predominant views then and today's state of understanding. At the beginning of the sixties there appeared for the first time a distinction between the solution of so-called substantive problems of the national economy and solution of so-called systematic problems of management. Economists and macroeconomists began to divide between "substantists" and "systematists."

But that was not all. This polarization also penetrated into the system of management in 1966. The plan was regarded as an instrument for solving so-called substantive problems and so it also retained in essence the original substance, outwardly manifesting the old system of indicators stimulating extensive development. (It is not material whether there were more or fewer of these indicators--the thing was their substance and properties or quality.) System changes were oriented toward changes in managing current economic operations by stimulating their effectiveness. To this end, current economic operations were provided with a new system of indicators, criteria and stimulants which was one of alternative possibilities corresponding to the need for stimulating intensive development.

The management system of 1966 as a whole, that is, including the plan and its development had a dual system of indicators, criteria and stimulants, different in respect to their substance but antithetic in respect to the intent of stimulation. It was noted for the discrepancies between the plan and the orientation of current economic operations. In this sense it was an incomplete system of management. It could only have continued in one of two ways--either penetration or systematic changes into the substance and structure of the plan, including a new system of criteria and indicators, or disintegration of the system of state planning. In the specific historic situation at the end of the sixties, the reform continued with the second of the possible methods.

The Set of Measures of 1980 was essentially and in its original form a repetition of the changes of 1966. It differs from them by a variant of intensively oriented criteria and stimulants for current economic operations. But not even in the Set of Measures was there a change in concept of the plan, although even in 1971 (at the 14th Congress of the CPCZ) they adopted a conclusion on the need to make progress in research and development the axis of the plan and in 1976 (at the 15th Congress of the CPCZ) they adopted the requirement that criteria and stimulants be uniform or identical with the system of plan indicators.

Implementation of the Set of Measures, however, developed differently than the system of management of 1966. Criteria and stimulants, originally designated only for stimulating the current economic activity, became the subject of planning. The plan began to consist of old and new indicators simultaneously (volume in production of goods and also in adjusted value added, productivity of labor in one and another indicator, etc.). The conflict in the contradictory stimulation of the old and new system of indicators, criteria and

stimulants, however, could not be overcome. This conflict, which 15 years ago seemed to be a conflict between the plan and efficiency of current economic activity, now took on the form of a conflict within the plan. The old and new systems of criteria and indicators operating simultaneously side by side "blocked" each other out. It is highly probable that part of the reason for the slow transition to an intensive form of economic development and to a new quality of growth lies in this conflict.

Resources Are Different

Six years of operation of the economic mechanism after adoption of the Set of Measures have seen the culmination of its qualitative changes. This is particularly so since the need has come for change in the concept, substance and structure of the state plan and also of economic plans. Even though today the conflict between trends toward extensive and intensive development appears to be a conflict between the old and new system of criteria, indicators and stimulants within the plan, in its formulation and implementation in current economic activity, nevertheless, it is far from just simply "pushing out" the old system of indicators from the plan-developing and stimulative role by a new system of indicators. That is simply the manifest form of the plan structure. The real function of a system of criteria, indicators and stimulants to intensive development is possible only when it grows out of the structure of a plan which projects intensive development. The shape, substance and structure of intensive development and new quality of economic growth are essential for the structure of a state plan and economic plans.

In this connection we may note that the circle of dialectic development of opinions about the relations between so-called substantive and so-called systemist problems is closing. What is the essence of decision-making and, in fact, managing the actions of people other than the solution of substantive problems? What is an economic mechanism other than the relations between work collectives and their managing personnel from which issue the methods by which people want to, can and must resolve substantive problems? The 25-year old panoply of opinions on the difference, contradiction and conflict between solving substantive problems and the system of management is now obsolete and has become a museum piece. The new concept and substance of the plan, like the new quality of the economic mechanism, cannot be resolved at all without considering the nature, trend, structure, etc. of an intensive form of economic development. In the same way, to effect really intensive development is not possible if its trends and natural relations are not built into the structure of the economic mechanism.

The sources of intensive development of the economy are different from those out of which extensive development grew. Likewise, the development of economic quantities and their proportions as the consequence of making use of intensive sources of growth differ from those of extensive development. If the second relationship mentioned above calls for an intensively oriented system of indicators, criteria and stimulants then the first relationship mentioned requires a change in concept, substance and structure of the state plan and also economic plans.

The new quality of economic growth needed for intensive development outwardly manifests itself generally in releasing or freeing growth of the national income from dependence on growth of energy-efficient input and total working time expended in the national production process. Growth of the national income then becomes dependent on ever more constantly making the best use of, "refining" and "upgrading" energy-efficient input and this is possible only on the basis of constant growth in the average complexity and creative substance of people's work. More complex people's work creates more value per unit of work time and at the same time is the source--in combination with natural resources--of useful values with higher useable properties. Both, however, are based on the fact that increased complexity of people's work is socially necessary. However, it cannot be socially necessary on the assumption that products and production processes do not change. Therefore, the new quality of economic growth depends on innovative processes, their basic acceleration and so oriented as to bring about substantially increased complexity and creativity of people's work and consequently also by shifting the dominant component of the innovative process into product innovation.

For the structure of the state plan and the economic plans this means not only a change in functional dependence of the growth of national income and the movement of all economic quantities, that is, their functional dependence on innovation, not on the movement of input quantities. Especially essential for this is the hierarchical structuring of potential innovations. Every production organism, for example, an enterprise or intra-enterprise unit, has its own regularly prescribed innovative growth potential which can be put to use only on the basis of relatively independent creative activity of this production unit, its working collective and management staff. The same applies to entities above the enterprise level, to the national economy as a whole and it also applies on an international scale--for joint innovative projects of the CEMA countries. The difference between the various levels of production organisms is not that sometimes an innovative potential is relevant and sometimes not but rather in the order of potential innovative actions and their frequency.

A Matter of Material Necessity

The relevant articles of the principles, especially article 11, discussing the qualitative change in the substance of the state plan, reflect the structuring of the innovative process described above as the source of the new quality of growth in the intensive development of the economy. The heart of the state plan is conceived as a set of strategic statewide programs and commitments issuing from Czechoslovakia's participation in international programs. Mandatory participation of subordinate units is assumed in the form of specifications of objectives of the state plan entrusted to subordinate units. The specified objectives of the state plan do not take up all the work of the subordinate units and there is room enough for relatively independent innovative activity of these units. This relatively independent activity is controlled indirectly by a system of norms, limits and criteria derived from the state plan.

The change in the substance of the state plan and the effects on the substance of economic plans give a new meaning to strengthening the principle of democratic centralism. Its former reduction to a simple relationship of indirect

proportion between the degree of centralization and decentralization is thus overcome. It becomes a wholly natural process, on the one hand strengthening the tasks of the center and on the other increasing the degree of independence of individual economic organizations.

The relative independence of subordinate units derived from the qualitatively new substance of the state plan and developed in the interest of maximum utilization of the overall innovative growth potential has, however, a number of consequences for further changes in the economic mechanism. It is expected that the production organisms will create their own resources to ensure a relatively independent degree of innovative actions, including full *khozraschet* and self-financing. Changes in price setting are expected, not only in the sense of changing prices of goods produced today but especially in the setting of prices of new products. Here it appears essential to depart from cost type pricing so that the prices of new products could reflect the effects of reduced costs and the increasing complexity and creative content of people's work. We also anticipate relative independence in the horizontal linkage of individual economic organizations depending on the class of relatively independent innovative actions. In addition, these relatively independent horizontal relations will make use of supply and demand. It is expected that socialist entrepreneurship will burgeon.

All these and other changes in the economic mechanism inherent in the principles have a real meaning only in the qualitative change in the substance of the state plan. If in considering these other changes in the economic mechanism we lose sight of that key and determining change concerning the substance of the state plan then the strengthening of relative independence in the creation and utilization of resources for further development of economic organizations developing their resourcefulness, etc., might appear simply to be a gift which may or need not be made. Only in the essential relationship of these other changes in the economic mechanism with a qualitative change in the substance of the state plan reflecting the nature and structure of the sources of the new quality of economic growth in intensive development does it follow that it is a matter of material necessity. The change in the concept, substance and structure of the state plan is the key change on which depends the new quality of the whole economic mechanism.

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CSO: 2400/206

COMMUNIQUE ON 28 MAY GOVERNMENT SESSION

AU051354 Prague RUDE PRAVO in Czech 29 May 87 p 1

[CTK report: "More Strictly Against Wasteful Use of Fuels and Power"]

[Text] Prague (CTK)--At its session on Thursday [28 May] the CSSR Government dealt with the problems of supplies of fuels and power during the 1986-1987 winter period.

It voiced appreciation for the unusual efforts and dedication of coal industry, gas and electricity sector as well as the transportation employees who contributed, under difficult conditions, to uninterrupted supplies of coal, gas, and electricity to the national economy and the public. At the same time it was pointed out that the consumption of fuels and power was higher than planned and that the national economy's coal and gas stocks have decreased. In spite of this fact, production enterprises are asking for higher supplies, although the results of inspections have shown at many places an existence of a wasteful use of fuels and power and of gross shortcomings and violation of discipline in their consumption.

For the next winter season the government adopted specific tasks and measures to ensure a timely preparation for extraction, production, and distribution of the fuels and power, the purpose of which is to create sufficient stocks for regular supplies of coal, gas, and electricity to the national economy and the public. In this connection the government stressed that the situation in fuels and power is difficult and that it is necessary in all sectors of the national economy and in the households to use coal, gas, and electricity more economically.

The government also dealt with the further prospects of the development of electricity generation within the framework of the interconnected CEMA member states electric grids through the year 2000, including measures aimed at increasing the grids operational reliability. The further course of work in this sector was approved, including contracts to provide the CSSR and other socialist states with electricity in the period through the year 2000.

With regard to international economic cooperation the government approved the action by the CSSR's standing representative in CEMA at the forthcoming 123d session of the CEMA Executive Committee. The main point on the agenda of this

session, which will be held in Moscow at the beginning of June, will be the assessment of the draft resolution of the next, 43d (extraordinary) session of CEMA on restructuring the mechanism of cooperation and socialist economic integration as well as the activity of CEMA.

The session also discussed a report on preparing and ensuring a census of the population, houses, and apartments, which will be carried out throughout the CSSR territory on 1 December 1990. The census will be carried out from midnight 30 November to 1 December 1990. The aim of the census is to obtain information that cannot be acquired on the needed territorial and substantive scale using conventional information systems. The content of the census is based on past experience, builds on similar past actions, and is in line with the recommendations of the relevant CEMA and UN agencies.

In connection with the assessment of the results of the national economy last year the government discussed the draft total of the closing CSSR state budgets for the year 1986. Questions and tasks concerning the foreign policy were also discussed.

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CSO: 2400/237

GOVERNMENT CRITICIZES ECONOMIC PERFORMANCE

AU011517 Bratislava PRAVDA in Slovak 23 May 87 p 1

[CTK report: "Session of the Government of the Slovak SR"]

[Text] Bratislava (CTK)--At its session yesterday, the government of the Slovak SR dealt in detail with the main problems concerning the implementation of the state executive plan during the preceding 4 months.

It critically pointed out that the delay in this period has been caused primarily by the lack of preparedness on the part of economic organizations to implement this year's tasks, especially in industry, the building sector, the food industry, and other branches. The current state of the plan fulfillment remains unsatisfactory in spite of a partial improvement in the economic development in April. The set targets are met irregularly; the targets in adjusted value added and in profits, in particular, have not been consistent. In view of the concentration of tasks in the coming months, the government charged the relevant sectors with tightening the monitoring of the plan fulfillment and making a more consistent use of intensification factors and unused internal potentials. It approved the sectors' schedules for eliminating the accrued shortfalls with the aim of completely ensuring the plan fulfillment for this year.

The government discussed and approved the draft of the closing state budget of the Slovak SR for 1986, which it will present to the Slovak National Council. It noted that from the viewpoint of the targets of the 8th 5-Year Plan, the set tasks, especially in qualitative terms, have not been ensured, despite an accelerated dynamism of economic development in the Slovak SR. The progress is slow, especially in the crucial strategic directions such as intensification, growth in the cost-efficiency and profitability of production, and reduction and elimination of losses. It charged the relevant ministers and heads of central agencies with paying increased attention to these problems, particularly to finding a solution to losses of the lagging enterprises.

The government assessed the implementation of the resolutions of the CSSR and Slovak SR governments with regard to the comprehensive plan for the economic and social development of the East Slovakia region in the 8th 5-Year Plan. In this connection it concretized measures aimed at ensuring this plan; these

measures concern mainly a more efficient deployment and utilization of production assets and manpower.

After assessing the construction of sewage treatment plants in Slovakia and investors' and subcontractors' provisions for their construction in the coming period, the government voiced dissatisfaction with the current unfavorable situation with respect to both the completion of projects under construction and the preparation of new projects. It stressed the demand to strictly adhere to all planned deadlines and charged investors with a regular assessment of the fulfillment of tasks in this area.

The government further discussed the concept for the development of the state protection of nature in the Slovak SR through the year 2005. It emphasized the need for national committees and other responsible agencies and organizations to ensure as consistently as possible measures to protect nature, particularly in localities designated as protected areas.

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CSO: 2400/237

ROHLICEK SPEAKS AT CPCZ CC SEMINAR

LD190949 Prague Domestic Service in Czech 1400 GMT 18 May 87

[Text] Rudolf Rohlicek, first deputy federal premier and chairman of the government committee for planned management of the national economy, spoke in Prague today on the development of Czechoslovak participation in the international socialist division of labor and on deepening cooperation with the USSR at a seminar devoted to the conclusions of the fifth session of the CPCZ Central Committee. He said that during the past 5 years, dynamism of integration processes within the CEMA has been reduced, which was also reflected in the fact that trade inside the CEMA was growing more slowly than national income. He noted that, following the summit meeting at the end of last year, reaction to the accumulated problems was constituted by a decision to work out a concept of development of the socialist division of labor for 15-20 years, and to start restructuring the mechanism of CEMA socialist integration and organization.

Rudolf Rohlicek stressed that the Czechoslovak attitude toward these processes is expressed by the principles of Czechoslovak participation in the creation of a collective concept of the international division of labor, and in the restructuring of the integration mechanism and the activity of the CEMA. Its part is constituted by proposals to build cooperation by socialist countries on a realistic economic basis, to create an efficient link between the national and international economic mechanism, to improve currency and payment infrastructure of the council, to interlink and approximate contract prices with prices on the world market, to improve the role of credit mechanism, and to unify legal aspects in trade and other forms of economic cooperation of the countries of the council, Rudolf Rohlicek stressed.

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CSO: 2400/237

JAKES SPEAKS AT STATEWIDE CPCZ SEMINAR

LD190948 Prague Domestic Service in Slovak 1300 GMT 18 May 87

[Text] The Department of Propaganda and Agitation of the CPCZ Central Committee organized a statewide seminar in Prague today about the conclusions reached at the fifth session of the CPCZ Central Committee. Milos Jakes, member of the Presidium and secretary of the CPCZ Central Committee, stressed in the opening speech the importance of scientific and technological developments as the basic condition of the intensification of the national economy, and gave a critical reminder that until now it has not been implemented sufficiently in practice. He underscored the restructuring of our national economy with the aim of making it less energy and material intensive, and narrowing the range of products, especially in the engineering sector.

Milos Jakes criticized the current capital investment which does not correspond to present requirements. When talking about the tasks facing the Czechoslovak scientific research base, he stressed the need to decide priorities and to concentrate on selected tasks, to make better use of world discoveries and scientific results, and to improve the quality of education and training of cadres. He noted that in carrying out research and development in practice, good quality work in the preproduction stages is important, and reported on measures adopted to raise the prestige of workers in this sector.

In a part of his speech devoted to the development of work initiative, Comrade Jakes appreciated the importance of comprehensive rationalization brigades, and voices the conviction that for them and other collectives they would become an important impulse for the development of activity on the occasion of the 70th anniversary of the Great October Socialist Revolution and the 40th anniversary of Victorious February.

At the close of the seminar Milos Jakes singled out the need for new attitudes in propaganda work, which must be more open and more specific.

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CSO: 2400/237

OBZINA ON CSSR PART IN 'COMPREHENSIVE PROGRAM'

AU101314 Bratislava PRAVDA in Slovak 30 May 87 p 2

[CTK report on a speech by Jaromir Obzina, CSSR deputy premier and chairman of the Federal Commission for Research and Development and Investment Planning, at an all-Slovak seminar for lecturers of party and social organizations in Trencin on 29 May]

[Excerpts] Trencin (CTK)--In his speech at the seminar Jaromir Obzina discussed Czechoslovak participation in the creation and implementation of the Comprehensive Program of Scientific and Technological Progress of CEMA Members States Through the Year 2000. As he said, the CSSR will participate in 95 percent of the tasks of the "comprehensive program." It acts as the coordinator for 73 of its 1,391 designated tasks.

Czechoslovak organizations have already concluded 60 agreements, 47 protocols, and 208 contracts related to the implementation of the "comprehensive program." However, Jaromir Obzina called it a shortcoming that these do not include production contracts. And he went on to say that crucial in ensuring the "comprehensive program" at present will be its dovetailing with the draft of the 8th 5-Year Plan of Technological Development and with the program of long-term scientific and technological cooperation between the CSSR and the USSR. Speaking about the resolution of the fifth session of the CPCZ Central Committee, he underlined the fact that a program-based buildup and activity of the Czechoslovak research and development base will help in achieving a breakthrough in applying the results of scientific and technological development. Problems also exist in the insufficient scientific productivity and results of basic research. Bureaucratic obstacles and the administrative intensiveness of managing scientific and technological developments also constitute a grave barrier. Although the Federal Commission for Scientific and Technological and Investment Development abolished some 20 regulations in the past 3 years, their number continues to be excessively large. That is why effective 1 October of this year, Federal Commission for Research and Development and Investment Planning will cancel regulations that are at odds with the spirit of the fifth session of the CPCZ Central Committee. However, the struggle against bureaucracy and the excessive regulations cannot be waged successfully without waging a struggle against their exponents, he stressed in the conclusion of his speech.

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CSO: 2400/237

OBZINA SPEAKS AT CPCZ CC SEMINAR

LD190950 Prague Domestic Service in Czech 1630 GMT 18 May 87

[Text] Jaromir Obzina, deputy chairman of the Federal Government and chairman of the Federal Commission for Research and Development and Investment Planning, in a speech at a seminar on the conclusions of the fifth session of the party Central Committee, spoke about issues of intensifying scientific and technological advancement. He said that out of 1,138 research units and institutions in Czechoslovakia, only 60 are dealing with problems of production, and of these only nine are working in machine tool problems. It follows, Comrade Obzina said, that research has little effect on production and, therefore, a number of organizational, material, and incentive changes need to be implemented. Apart from reorganization and simplification of the system of planning the technological progress, the scientific research base will be reassessed, and on the basis of these results, nonproductive research will be abandoned or limited, and research units with good prospects will be reinforced.

Comrade Obzina said that provided technological and economic parameters in research will achieve the highest world standards, effective financial incentives will also be provided for research units.

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CSO: 2400/237

OBZINA REPORTS ON FUEL, ENERGY

AU101350 Prague RUDE PRAVO in Czech 20 May 87 p 4

[Excerpts from a CSSR Government report, delivered by Jaromir Obzina, CSSR deputy premier and chairman of the State Commission for Scientific, Technological, and Investment Development, at the third meeting of the CSSR Federal Assembly's Chamber of Nations, in Prague on 19 May: "Reducing Material- and Energy-Intensiveness"]

[Excerpts] The third meeting of the Federal Assembly's Chamber of Nations on Tuesday [19 May] was addressed by Comrade Jaromir Obzina, who said-- among other things:

For the second time in a relatively short space of time, the CSSR Federal Assembly is discussing the problem of the use of energy, fuels, and raw and other materials. The Chamber of the People discussed a similar theme in 1982. Today, 5 years later, we are again addressing the solution of this problem, which is important from the global point of view, as well as from the comprehensive, national economy, and thus also political point of view. This is, above all, given by the momentousness of this problem for the CSSR. From the very beginning we have had only one objective: That this discussion would aim to bring about such measures as will make the Czechoslovak national economy one of the world's most developed in this area.

The state goal-oriented programs 02 and 03, which were adopted in 1981 together with other measures, have not brought about the fundamental turn to date, even though their targets were successfully met in the Seventh 5-Year Plan and in the first year of the Eighth 5-Year Plan.

We are ensuring that a decisive contribution is being made in respect of savings and efficient utilization of energy and fuels, raw and other materials, by technical developments, and by working out Czechoslovak participation in the Comprehensive Program of the Scientific-Technical Progress of the CEMA Member States Through the Year 2000.

From the viewpoint of the problems related to energy and fuels, and raw and other materials, which we are discussing, with the Czechoslovak

participation in the Comprehensive Program of the Scientific-Technological Progress of the CEMA Member States Through the Year 2000 we are striving to achieve the following contributions:

First, priority direction--Electronization in the national economy.

With the general introduction of microprocessors and other regulatory technology, most of the control equipment in production will become more effective. Although the wider application of computer technology in operations will require increased consumption, the savings that will ensue from the use of electronics to control production processes or the use of electronics directly in production will far outweigh this consumption. The savings of fuels and energy in the CSSR in a target year is several billion korunas annually, and to more than Kcs4 billion annually in savings of materials.

Second, priority direction--comprehensive automation.

Although the planned measures in automation increase labor productivity and the rate of production up to 2.5-fold, the relative saving of energy is 10-15 percent.

Automated design and construction systems optimize the construction of components, envisaging up to 10 percent saving of material.

The process of automation also ensures quality production, and this practically eliminates rejects, and saves material and energy.

Third, priority direction--development of nuclear power engineering.

Ever increasing stress is today being placed on the accelerated development of nuclear power engineering in conditions when it is necessary to keep on reducing the energy-intensiveness of the entire national economy.

This involves above all a very substantial slowdown in the growth of consumption of primary resources of energy from the average annual rate of approximately 3 percent in the 1961-80 period to about 0.56 percent in this 5-year period, with the aim of maintaining this low rate also in the period through the year 2000.

Fourth, priority direction--new materials, production technology, and their uses.

In the sphere of new materials we expect clear economic benefits, as attested to, for example, by the fact that 1 metric ton of polymeric composites substitutes for 4 tons of conventional metals. Similar savings can be expected in powder metallurgy, in the application of artificial diamonds, or by the application of neodyme magnets.

Fifth, priority direction--accelerated development of biotechnologies.

By the solution and realization [of projects] within the framework of this program, we are striving to eliminate or completely exclude the unfavorable impact of waste on the environment and utilize it as secondary raw materials and energy.

The advantages of biotechnological processes can be characterized as follows:

--less complex production facilities,

--utilization of easily renewable resources of raw materials or only small demand for primary raw materials,

--lower energy consumption of traditional raw and other materials.

The introduction of zero-waste technologies will contribute to the expansion of the raw materials base.

The most marked contribution will show in the overall improvement of the environment, and in this connection it will be possible to reduce resources currently invested in ecology.

The economic effect of the package of biotechnological measures in the CSSR in the current stage (that is, in the stage of the research and development of biotechnological processes) cannot as yet be furnished by numerical data. However, it is envisaged that for its volume the effect will be among the greatest.

From the above it arises, and is reaffirmed, that the problem of energy and fuels, raw and other materials is a comprehensive national economic problem, whose successful solution lies in the overall scientific-technological development of the countries' national economies and the world economy.

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CSO: 2400/337

WEST SLOVAK ENTERPRISES NOT FULFILLING PLAN

AU101112 Bratislava PRAVDA in Slovak 6 Jun 87 p 2

[CTK report: "Regional Seminar of the CPSL's West Slovak Regional Committee; Creating Creative Political Atmosphere"]

[Excerpts] Bratislava (CTK)--Participants in a regional seminar, which was held in Bratislava yesterday [1 June], devoted themselves to topical tasks of the CPSL's West Slovak kraj organization which include improving the style and the methods of party work since the Fifth CPSL Central Committee Session, and enhancing the effectiveness and assessing the results achieved in the realization of the resolution of the 17th CPCZ Congress. CPCZ Central Committee Secretary Mikulas Beno attended the seminar.

In his speech, Mikulas Beno valued the approach of the West Slovak party organization toward the fulfillment of the congress resolution and toward the improvement of the style and the methods of party influence. He noted that in the specific process of the realization of the planned tasks not all primary organizations expressed their agreement with the congress line by concrete work results. A considerable part of enterprises are not fulfilling this year's planned tasks. The party organizations are facing two fundamental tasks in the current stage: through mass-political work, educational and control activity to influence the timely fulfillment of this year's tasks and actively create a creative political atmosphere, and to develop new effective approaches in the work with people and in the preparation of cadres.

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CSO: 2400/337

CPCZ CC DELEGATION VISITS FARMS IN POLAND

AU081814 Prague RUDE PRAVO in Czech 30 May 87 p 7

["(PM)"-signed Warsaw dispatch: "CPCZ Central Committee Delegation in the Opole Area"]

[Text] Warsaw—The CPCZ Central Committee delegation headed by Frantisek Pitra, CPCZ Central Committee Presidium candidate member and Central Committee secretary, which was on a working visit in Poland at the PZPR Central Committee's invitation, acquainted itself on Friday [29 May] with the activities of selected agricultural farms in Opole Voivodship.

Accompanied by Zbigniew Michalek, PZPR Central Committee Politbureau candidate member and Central Committee secretary, the Czechoslovak guests visited the United Cooperative Farm in Silesian Racławice; a private farmer in Głogówek; and also an agricultural kombinat in Glubczyce, which is one of the most successful state farms in Poland. It is there that they met the political and economic aktiv of the kombinat and the party and state leadership of Opole Voivodship. At the meeting, Comrade Frantisek Pitra stressed the significance of further deepening mutual cooperation between the CSSR and the Polish People's Republic in agriculture and in the food and chemical industries, as well as the significance of exchanging the experience acquired by experts in both states. In the evening the CPCZ Central Committee delegation concluded its visit to the Polish People's Republic and returned home.

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CSO: 2400/337

HAVLIN ATTENDS ACADEMY OF SCIENCES ASSEMBLY

LD122330 Prague Domestic Service in Czech 1630 GMT 12 Jun 87

[Text] The 51st General Assembly meeting of members of the Czechoslovak Academy of Sciences was held in Prague on 12 June 1987. It was attended by Josef Havlin, secretary of the CPCZ Central Committee, and other guests. Oldrich Sestak reports on the meeting:

Three items were on the agenda of the meeting: the plan of measures to be taken by the academy during the eighth 5-year plan, the 1986 annual report on the academy's activities, and principles for a more rigorous training of scientists.

The report on activities recorded unarguable successes both in regard to accomplished scientific commitments, new forms of cooperation with industry, and the development of direct international ties. Nonetheless it also stated that the academy, in accordance with the plan, failed to concentrate effort on key tasks to reduce those aspects of research which have not brought expected results. These findings have been projected in the plans for action and the principles for more rigorous training. The plan will concentrate only on measures of fundamental importance, and is not diluted by tasks of lesser significance.

It devotes prime attention to academy's participation in the comprehensive program for scientific and technological progress of the CEMA member states up to the year 2000 and, above all, to the development of direct ties with member states' organizations, further integration of basic research with the state programs for technological development, and intensification of linkage between sciences and industry.

As with every activity, the fulfillment of the plans for action will be dependent on people and how they succeed in changing their attitudes and overcoming inertia. The principles making the training of scientists more rigorous are in line with this.

Academician Josef Riman, chairman of the Academy of Sciences, said that the training of scientists will proceed in two directions. On the one hand by a planned recruitment of talents: It is possible to seek talents

not only among undergraduates but among middle school students. For this reason the academy will intensify cooperation with the Ministry of Education. The second direction is the raising of qualifications of mature scientists. Courses for scientists in the fields of biotechnology, medicine, chemical sciences, microelectronics and the like are already prepared. In order to make the education of scientific cadres more effective it is also necessary to substantially improve the degree of the provisioning with material and equipment. In this regard the Czechoslovak Academy of Sciences expects great results from its cooperation with the State Commission for Scientific, Technological and Investment Development.

/9604

CSO: 2400/337

BRIEFS

SCIENTIFIC COOPERATION--Prague, 19 May (CTK)--An accord on scientific cooperation between the Czechoslovak Academy of Sciences and the FRG Research Institute was signed here today by Academician Stanislav Kubik, the Czechoslovak Academy of Sciences' scientific secretary and by Dr Carl Heinz Schiel. The accord will make it possible to extend the scientific contacts between the two countries' institutions in the framework of mutually advantageous cooperation of countries with different social systems. [Text] [Prague CTK in English 1355 GMT 19 May 87 LD] /9599

FLOOD DAMAGE--According to the Ministry of Agriculture and Food of the Czech SR, recent floods in the Czech SR damaged some 6,800 hectares of cereals, 7,285 hectares of sugar beets, 5,466 hectares of silage and grain corn, 1,435 hectares of potatoes, and vegetable fields and other crops. [Summary] [Prague RUDE PRAVO in Czech 27 May 87 p 1 AU] In East Slovakia the Topla River and a number of other streams burst their banks, causing floods in Bardejov, Stara Lubovna, and Vranov Districts. In Bardejov District alone, 24 villages have been affected. Houses, wells, gardens, and 1,600 hectares of arable land have been flooded in the district; 15 bridges and 8 km of roads have also been damaged. In the northern part of Vranov District, the Topla River burst its banks for a length of 30 km, flooding 1,500 hectares of soil. The damage is estimated at Kcs16 million. In Stara Lubovna District floods have caused Kcs6 million in damages to fields. Houses have been flooded in 10 communities of the district. There has also been damage to roads and local landslides. [Summary] [Prague RUDE PRAVO in Czech 26 May 87 p 2 AU] /9599

DIRECT ENTERPRISE LINKS--The Povazska Bystrica ZVL enterprise and the "Krasniy Borets" plant from Orsha in the Belorussian SSR signed a protocol on direct links this April. The agreement, which will remain valid until 1990, provides in the initial stage for direct supplies of parts and components between the two enterprises. It also foresees the formation of a joint design office in 1988, which is to be situated in Orsha, as well as the joint development of a new type of surface grinding machine. The time until 1990 has been designated as a test period; the full development of direct links is planned only for the subsequent years, when the two partners hope to "offer on world markets products that should hold their own in the face of even the toughest competition." [Summary] [Prague RUDE PRAVO in Czech 26 May 87 p 1 AU]

MINISTER DEPARTS FOR BULGARIA--Ladislav Luhovy, CSSR minister of general engineering, left for Bulgaria on Monday [25 May] to attend a session of the Branch Bureau for Automobile Industry subordinate to the CEMA Committee for Cooperation in Machine Building. The session will discuss the implementation of tasks arising for the automobile industry from the Comprehensive Program of Scientific-Technical Progress of CEMA Member States Through the Year 2000 as well as questions concerning the deepening of specialization and production sharing. [Text] [Prague RUDE PRAVO in Czech 26 May 87 p 2 AU] /9599

STATISTICS CHIEF IN MOSCOW--A delegation of the Federal Office of Statistics led by its chairman, V. Nicka, arrived in Moscow on Monday [25 May] at the invitation of the USSR Central Statistical Administration. Its members will exchange experience with their Soviet partners and discuss possibilities of deepening further mutual cooperation. [Text] [Prague RUDE PRAVO in Czech 26 May 87 p 7 AU] /9599

ADAMEC'S SOUTH MORAVIAN VISIT--Ladislav Adamec, member of the CPCZ Central Committee Presidium and Czech premier, arrived for a working visit in the South Moravian region today. He was briefed by Vladimir Herman, candidate member of the CPCZ Central Committee Presidium and leading secretary of the South Moravian Kraj CPCZ Committee, about the working people's participation in new economic changes and their results in the realization of the resolution of the fifth CPCZ Central Committee session. Ladislav Adamec visited the Brno plant of the Lachema economic production unit and learned about the first results and experiences from the application of the comprehensive economic experiment. He discussed the extent and possibilities of self-financing, market research, pricing, and prospects for the development of commercial and technical services. [Text] [Prague Domestic Service in Czech 1200 GMT 16 Jun 87] /9604

CSO: 2400/337

BERLIN PROFESSOR IN CP ORGAN: THOROUGH REFORM NOT NEEDED

Helsinki KANSAN UUTiset in Finnish 26 Mar 87 p 8

[Article by Teppo Tiilikainen: "Reform Debate Not Considered Necessary, GDR Confident in Its Economic Policy"]

[Text] The GDR, which is economically among the leading CEMA-countries, trusts in its economic policy, and there is no public debate in the country about the economic reforms being carried out in Hungary and the USSR, for example.

"Naturally, we are also striving to correct distorted development trends, but we believe that solutions to problems are to be found in individual reforms and not in extensive comprehensive reforms," says Professor Helmut Hackel of the Berlin College of Economics.

In addition to Czechoslovakia, the GDR is the most industrialized country in CEMA, and it has not had to deal with the recessions that have hindered development in several other socialist countries.

After the rapid economic growth of the 1950s, in the 1960s the GDR began an economic reform called the new economic system, by which it attempted to increase the decision-making opportunities of individual enterprises. Smaller reforms have also been accomplished since then and among them the largest is probably the formation of large industrial combines accomplished in the early 1980s, a reform in which the Soviet Union has also been interested under Gorbachev.

The reform also involved foreign trade since the GDR's export and import enterprises were also made subordinate to the combines, by which an attempt was made to strengthen the connection between the producer and foreign trade. The combines now also receive a part of the hard currency profits from foreign trade and with them they are able exercise more flexibility than before in the procurement of new technology, for example, from abroad.

Except for some interruptions to growth in the 1960s, the GDR has, for the most part, progressed in accordance with its goals even though the 5-percent growth goal at the end of the 1970s was not accomplished. Along with the

other CEMA-countries, the GDR has somewhat reduced its objectives at the end of this decade for the five-year plan, which began last year. A total growth rate of 25 percent is now the goal for the five-year plan, which will extend to the year 1990, while the target was still 30 percent at the end of the decade.

The country's economic growth appears to be stable in light of last year's figures also. According to a report of the State Statistics Center, the GDR's national income increased 4.3 percent in 1986 or it was nearly the 4.4 percent established as the goal. The figures used by the GDR are not directly suitable for comparison with Finland's values since in socialism and capitalism national income takes slightly different issues into account.

In recent years, the GDR has taken economic development to mean the concept of so-called key technologies, which means the most important development areas, such as microelectronics, computer technology, and industrial robots. The particular feature of this five-year plan is also the fact that an attempt will be made to direct investments toward a few but indeed large targets, of which the most important are a major housing production plan and the electrification of the railroads.

Foreign Trade Produces Surplus

The GDR conducts two-thirds of its foreign trade with the socialist countries, and the country's foreign trade has shown a surplus since 1982. The GDR has not published precise figures on last year's foreign trade, but the drastic drop in the price of crude oil cannot help but have had an effect on the country's foreign trade. Perhaps this is most clearly reflected in the commodity exchange between the GDR and West Germany, in which the value fell off by 10 percent last year from the record level in 1985.

After the Soviet Union, West Germany is the GDR's largest trading partner, and as a result of the special agreements concluded with the Federal Republic, the GDR is also in a way an associate member of the EEC.

According to the regulations of the EEC, trade between the two Germanies is internal trade so that the GDR does not have to pay the EEC's external tariffs at all.

Energy As a Problem

But there are also problems, of which the most serious is the continuing rise in the price of energy according to Professor Helmut Hackel of the Berlin College of Economics. As a result of the energy crises in the 1970s, the GDR began to use more and more domestic but polluting brown coal, with which approximately 90 percent of electric energy is now being produced.

"The coal is of poor quality and it is located rather deep in the ground. The excavation of 1 ton of lignite cost manyfold less 10-15 years ago than now since it is necessary to dig deeper and deeper for it," says Hackel.

In spite of this, the consumer prices for energy are kept stable with state support. East Germans pay 8 pfennig per kilowatt-hour for electricity or the same amount as in 1949 when the GDR was established.

"This is also seen especially clearly in gas prices, which were the highest among the CEMA-countries about 20 years ago. Consumer prices have not been raised even once since 1955, and now prices for gasoline in the GDR are the second lowest among the CEMA-countries after the USSR.

More Nuclear Power

According to Hackel, in the future the GDR will have to resort to more nuclear power in the production of energy as brown coal becomes increasingly expensive. At this time, there are two nuclear power plants in the country, which produce approximately 10 percent of the country's electricity.

"It is, however, clear that we will not adopt nuclear energy to the same degree as in France, for example. I would believe that the proportion of nuclear power will remain less than 20 percent at least in this century," states Hackel. According to Hackel, it is difficult to evaluate future energy policy since the nuclear power accident in Chernobyl has influenced attitudes in the GDR also.

"Citizens were very concerned after the Chernobyl accident even though the GDR's Radiation Safety Institute operated in an exceptionally credible manner in my opinion. The Western media has also influenced the local debate since, for example, fresh fruit and vegetables have not sold as well since Chernobyl.

"It may be that we will have to revise our previous thinking about nuclear power since the experts also emphasize that there is always a certain risk. But we are at least of the same opinion that the safety of present plants must be improved," says Hackel.

Price Formation Causes Problems

Hackel considers the GDR's second most important economic policy problem to be the formation of prices. An attempt has been made in the GDR to observe the principle by which 80 percent of the prices of various products remains stable and the remaining 20 percent fluctuates. Permanent prices are, among other things, prices for basic consumer goods, such as milk, bread, sugar, and children's clothing.

"The consumer prices for these products do not cover production costs, and the problem is specifically that the subsidy paid by the state grows the whole time as consumption increases. Cheap prices have also resulted in the wasteful consumption of bread and energy, among other things.

"On the other hand, this also includes the problem that because of a need to balance the state economy, we must also manufacture such products whose prices clearly exceed production costs; for example, last year the state spent

48 billion mark to subsidize the prices of basic consumer goods." According to Hackel, the GDR strives to offer various consumption alternatives with the help of three different price groups.

"This can also produce its own difficulties. For example, the cheapest soap costing approximately 80 pfennig may remain on the shelf since people want only the best in such products. On the other hand, the cheapest price group of more expensive products is frequently not available. For example, shoes cost either approximately 60, 120, or 300 mark depending on quality and style. In practice this remains, however, a mere principle since the shoes priced at 60 mark are almost immediately sold out," says Hackel.

Hackel believes that the ratio between permanent and fluctuating prices may change before long from the 80/20 percent to 70/30, for example, because of economic pressures even though the economic policy goal is to guarantee every family an opportunity to build their standard of living on the basis of cheap and stable prices for consumer goods.

Small Reforms

In Hackel's opinion the GDR's economy is not at this time, however, in need of an extensive, comprehensive reform, but solutions to problems are to be found in small reforms and new technology, by which an attempt will be made to increase the productivity of labor.

The official goal of economic policy is to continue along the policy line based on the unity of economic and social policy started in 1971, and at this time there is no public debate in the GDR on the economic reforms of the USSR and Hungary even though the issue, naturally, interests researchers in this area.

"For example, our press does not publish the reform proposals made in the Soviet Union, but these issues are, of course, widely debated in party organizations as well as in the work place. On the other hand, the public is not nearly as interested in economic reforms, but in other issues which came up, for example, in General Secretary Gorbachev's speech to the CPSU Central Committee," notes Hackel.

In the GDR reference is also frequently made to the fact that reforms are not necessary since many of the reforms being considered in the USSR have already been accomplished here. According to Hackel, this is not, however, the question.

"Each country operates in accordance with its own premises and objectives and the GDR is a small country for which the agricultural units favored by the Soviet Union, for example, are not suitable.

Individual Enterprises Being Supported

The GDR, however, has served as a model of economic reform for the Soviet Union in many issues. For example, private enterprises have been supported

here for a long time already. It is calculated that there are more than 400,000 private entrepreneurs and cooperative tradesmen in the country at this time.

It was previously thought in the GDR that private ownership will be only a temporary phenomenon, but views have changed and the state is now supporting the small entrepreneur. Hackel emphasizes, however, that it is not a question of a return to capitalism.

"We are supporting small enterprises in those areas in which they can operate more flexibly than enterprises owned by society.

"The number of employees in private enterprises has not been restricted by law, but with the help of taxation it is made certain that they do not become too large. As the number of employees increases, the tax percent also increases," says Hackel.

10576

CSO: 3617/83

REFORM IMPACT ON STATE FARM PROFITS, SUBSIDIES

Warsaw WIES WSPOLCZESNA in Polish No 3 Mar 87 pp 73-82

[Article by Jerzy Andrzejewicz: "Profitability and Budgetary Subsidization of State Farms Under the Economic Reform"]

[Excerpts] The principle of profitability on which the economic reform on the state farms is based means that, in principle, enterprises and areas of operation which do not generate profit have no development prospects. According to the economic and financial system introduced in 1981, financial performance has become the main criterion for evaluation and the main source of financing for further development.

It has been 5 years since this principle was implemented in state farm operations. Has the economic and financial situation of the enterprises changed over this period and how? What is the contribution of budgetary subsidization to the profit of state farms? The answers to these questions will be a factor in the evaluation of the reform on the state farms.

The analysis presented confirms the general statement on better management of the state farms under the reform. A marked improvement in the profit margin of state farms and a decline in the number of enterprises operating at a loss testify to this. The contribution of budgetary subsidies to financial performance of the state farms has also declined markedly compared to the pre-reform period.

This generally very positive evaluation should, however, be supplemented by a significant fact which engenders certain problems and dangers for the state farms in the future. We should note that the average profit margin of state farms is still relatively low; besides, in real terms it is reduced by the high rate of growth in prices of agricultural means of production. For example, profit as a share of operating costs amounted to less than 9.6 percent in 1985/86, as a share of sales--11.5 percent and as a share of fixed assets--3.8 percent. In its turn, the devaluation of financial performance is shown by two statistics: the rate of growth of financial performance of the state farms between 1981/82 and 1985/86, which amounted to 22.5 percent, and the rate of growth in prices of industrial means of production for agriculture (7) in 1981 through 1985, which amounted to about 35 percent annually on the average. This issue is of paramount importance in adhering to one of the

Table 1. Financial Status of State Farms in the Years 1976/77-1985/86

Rubric	average in the years		
	1976/77- 1980/81	1981/82- 1985/86	1985/86
Total proceeds (billion zlotys)	146.8	445.0	635.0
of which: subsidies	36.1	57.2	80.5
Total expenditures (billion zlotys)	147.2	419.2	597.2
of which (in percent):			
- remuneration	22.1	21.5	19.8
- purchases of agricultural products	31.6	29.0	27.9
- purchases of fertilizer	4.3	3.1	2.3
- purchases of fuel	4.0	6.2	6.0
- depreciation	7.2	4.8	5.2
- other	30.8	35.4	38.8
Increment of supplies in warehouses and cattle stock (billion zlotys)	3.6	16.6	19.4
Financial result (profit) (billion zlotys)	+3.2	+42.3	+57.3
Financial result without subsidies (billion zlotys) (loss)	-32.8	-14.7	-29.0

Source: prepared on the basis of the GUS data published in statistical yearbooks for respective years and a consolidated balance sheet of state farms for the year 1985/86.

basic principles on which the reform on state farms is based, namely, the principle of self-financing. In particular, self-financing of their development defined as an increase in fixed and turnover assets of the enterprises is at issue. Under these conditions, the role of profit in financing development will have to be reduced in favor of other sources, i.e. loans and subsidies. The share of contributions from profit in the proceeds of the development fund of state farms shows that this process is already underway. In 1982/83, this statistic came up to 36 percent, in 1983/84 and 1984/85--about 22 percent, and in 1985/86--only 19 percent. The role of profit in financing the development of state farms clearly decreased over the period in question. At this point, we should raise the issue of the model of assets reproduction to be accepted in the coming years for the state farms. Various official documents (programs) appear to indicate that this will be the model of expanded rather than simple reproduction. Therefore, the burden of financing development will have to be borne by the credit system, and, ultimately, the state budget. Does it have to be this way? Logically, it will be so, unless: 1) it is stated expressly that expansion of the state farms (also in the belt of eastern provinces) can proceed only within the confines of financing generated within this sector and of loans the repayment of which is fully guaranteed; 2) financial performance of the state farms improves markedly and 3) price differentials benefitting agriculture grow further (i.e. procurement prices).

Table 2. Levels of Profitability of State Farms in the Years 1976/77 - 1985/86

Rubric	average in the years						
	1976/77-	1981/82-	1981/82	1982/83	1983/84	1984/85	1985/86
	1980/81	1985/86					
Number of state farms ^a	978	1251	1187	1262	1278	1258	1271
of which:							
profitable	640	1125	932	1082	1217	1207	1190
operating at a loss	338	126	255	180	61	51	81
Total financial result (billion zlotys)	3.2	42.3	25.5	25.8	46.6	56.4	57.3
of which:							
total profit	13.3	46.4	32.5	33.0	48.6	57.6	60.4
total loss	10.1	4.1	7.0	7.2	2.0	1.2	3.1
Financial result per enterprise (million zlotys)	3.3	33.8	21.5	20.4	36.5	55.8	45.1
of which:							
profitable (profit)	20.8	41.2	34.9	30.5	39.9	47.7	48.2
operating at a loss (loss)	29.9	32.5	27.5	40.0	32.8	23.5	38.3
Financial result per:							
- 1 hectare of agricultural land (1,000 zlotys)	1.0	12.5	7.3	7.6	13.8	16.8	17.1
- 1,000 zlotys of gross fixed assets (in zlotys)	4	31	21	20	33	39	38
- employee (1,000 zlotys)	7.0	88.7	51.7	53.9	98.3	120.1	122.3
- 1,000 zlotys of total current expenditures (in zlotys)	22	101	108	71	116	112	96

Source: prepared on the basis of the Statistical Yearbook of Agriculture and the Food Economy 1982, p. 389 (data for the years 1976/77 and 1980/81), data published in successive GUS statistical yearbooks and consolidated balance sheets of the state farms of the Ministry of Agriculture and the Food Economy.

To be sure, a real improvement of profit margins on the state farms within the framework of current agricultural prices is not impossible, but it is not easy either. After all, it would call for the introduction of an aggressive system of financial incentives primarily for the immediate management of enterprises, but also for the rest of the labor force. Besides, a consistent policy of eliminating enterprises lacking prospects for improvement in economic conditions should be introduced. There seems to be no indication in the discussion of the economic and financial system for the state farms in the

Table 3. Total Subsidies to Current Operations of State Farms in the Years 1981/82 - 1985/86

Rubric	1981/82	1982/83	1983/84	1984/85	1985/86	Average annual rate of growth, percent
Total (billion zlotys)	19.0	40.8	59.2	80.5	86.3	46.1
- per hectare (1,000 zlotys)	5.6	12.1	17.6	24.0	25.7	46.4
- per enterprise (million zlotys)	16.0	32.3	46.3	64.0	68.8	43.9
- as percentage of profit	8.0	11.1	13.6	14.7	13.6	x
Of which (million zlotys)						
- subsidies for fodder mixes and products	4.2	11.9	23.3	29.8	41.2	76.9
- for communal economy and housing	3.7	6.2	7.8	11.4	7.0	17.4
- for palaces and monuments	0.7	0.9	0.9	1.3	1.8	27.1
- due to social security premiums and payments	6.3	14.4	18.1	19.1	12.0	17.5
- others*	4.1	7.3	9.0	18.9	24.2	56.8
(of which from the compensatory account)	-	-	2.5	4.2	5.7	

* Residual

Source: GUS data

next 5-year plan that such arrangements could be introduced consistently in the immediate future.

In its turn, growth of price differentials favoring agriculture, incidentally also sought by the representatives of private farming, is also not very likely because of its consequences for retail prices and the living standard of the working class.

Therefore, we are facing a choice between restricting the development of state farms and implementing the program of developing the state sector in agriculture, but at the expense of burdening the state budget and violating the principles of economic reform. Which policy will win out? It appears that the latter policy carries more clout. Setting up in 1986 the National Union of State Farms (instead of various associations of enterprises), the main goal of which is to advocate the interests of state agriculture before the political and administrative authorities, undoubtedly serves to further this policy.

9761

CSO:2600/546

FARMERS PLANT MORE RAPESEED, LESS SUGAR BEETS

Zielona Gora GAZETA LUBUSKA in Polish 13 Mar 87 p 5

[Article by B. Gawel: "Has Rapeseed Displaced Sugar Beets?"]

[Text] In recent years, sugar beets have lost their erstwhile popular appeal. Increasingly often farmers are giving them up. For example, in 1982 they signed contracts for 2,859 hectares, and in 1986--for as little as 1,553 hectares. What is the reason for this state of affairs? Some believe that, putting it simply, rapeseed has forced sugar beets out, hence contracts for the latter are falling off. After all, it is a fact that cultivation of rapeseed is less labor-intensive and more profitable. It is hardly surprising that the farmers have opted for what is most favorable for them. However, we should not overlook other factors which have likewise caused lower interest in sugar beets cultivation.

For example, it is important that many farmers planted them only to have cattle fodder. Sugar beet planting and animal husbandry often went hand in hand. However, recently cattle herds have grown considerably smaller. No wonder that this has influenced directly contracts for sugar beets, especially now, when farmers are good at counting money and know what is profitable. By way of an example, the cost of cultivating a hectare of sugar beets amounts to about 120,000 zlotys. Therefore, for a farmer to break even, he must first of all get an adequately big crop. With yields at 200 quintals per hectare, not only does he fail to turn a profit, but has to subsidize this venture. Despite this, there are still many farmers in our province who, unfortunately, get yields no higher than that. However, their consolation is in leaves and beet pulp, which in a way compensate them for labor input.

Sugar beets are profitable only at yields higher than 450 quintals per hectare. In that case, a farmer has about 100,000 zlotys of profit per hectare, after all expenses. Among the best sugar beet planters in the province, we should mention Wojciech Kania from Reklinek and Janusz Stepień from Kalsko. Both of them have never harvested less than 500 quintals per hectare. To date, the greatest number of planters lived in the village of Bojadla. Unfortunately, their number has been shrinking year after year.

Many factors are responsible for high yields of sugar beets. Quality of the soil, time of sowing and the weather are the most important of them. For

example, last year the rains silted up the fields of some farmers. There even were cases when sowing had to be done three times over. Unfortunately, this did not bring about high yields per hectare.

The highest yield of sugar beets per hectare in Zielona Gora province was achieved in 1985. It came up to 348 quintals per hectare. However, in no gmina has the average yield ever exceeded 400 quintals. Even in Nowe Miasteczko, which has good lands for sugar beets, it has fluctuated around 347 quintals. All of this keeps Zielona Gora province ranking rather low in the nation in sugar beet cultivation. It is true that the local soil leaves a lot to be desired. However, it could certainly produce better yields if adequate amounts of lime and fertilizer were supplied. Unfortunately, there are persistent problems with both, and even more so, because the local lime hardly fertilizes the fields, but quite efficiently breeds weeds. To see this, one only needs to see the pyramids in which lime is stored. Come spring they will certainly be covered with greenery.

What is to be done in order to stop a downward trend in sugar beets cultivation, despite these difficulties? It might appear that pricing is the only way out. This, however, only appears to be so. Even if the price of sugar beets amounts to 20 percent of wheat prices, this would not offer a long-term solution anyway, says director of the union bureau Ludwik Wierkiewicz.

I for one believe that in the future everything will depend on mechanization. At present, he says, we have come to the point where nobody is available to handle it, if a machine does not harvest it off the field. Gathering leaves is the greatest problem. To be sure, cooperatives of agricultural circles own sugar beet combine harvesters. However, few use them, especially among private farmers, because the price is too high compared to performance. A sugar beet combine moves around the field quite slowly, whereas the cost of one hour of operation is 4,000 to 5,000 zlotys. This scares away even the farmers who need it most. Only owning a combine makes sense financially. Its price is above one million zlotys. In spite of that, the demand for these machines is still high. Unfortunately, it is not easy to meet it. Equipment level is the best in Siedlec gmina where a majority of farmers are third or fourth generation sugar beets planters. However, some farmers use potato combines.

At present, almost 90 percent of sugar beets are grown from single-bud seedlings, which are planted in the ground by a planter several centimeters apart. Manual work on a field sown in this manner is minor, but still very much needed. To be sure, planting may be ready-made, so that sugar beets require no spacing. However, in this case there is the risk that they will not sprout. In spite of this, this method is being gradually introduced, because it makes the farmer's work much easier. Insecticides and pesticides are very important in growing sugar beets; unfortunately, they are continuously in short supply. Meanwhile, the most modern growing techniques call for applying about 20 various substances together with the seedlings.

The Glogow Sugar Plant is also interested very much in boosting production of sugar beets in Zielona Gora province, says inspector of raw materials

Kazimierz Wisniewski. For us to operate regularly, we would need at least 20 more tons of sugar beets next year. We are trying to make the work of farmers easier whenever possible. This can be seen in well-managed and functional procurement stations. Once, there were 64 stations throughout the province; now, there are only 12 and, more importantly, there are no lines of planters there. Transportation of beet pulp to the farm by the sugar plant is another convenience for farmers.

Last year, thanks to the beautiful sunny fall the yield of sugar exceeded all expectations. From 100 kilograms of beets, 13 kilograms of sugar could be produced. This has happened for the first time in 160 years. Alas, the farmers were not pleased, because the tonnage of beets was, in its turn, far smaller than expected. It is wrong that the farmers learn about sugar beet prices in effect for a given year as late as July, or when nothing can be changed, says Edward Matuszek, chairman of the Root Crops Union. I believe that prices should be posted in the fall at the latest. Then every farmer would have an option to sign a contract.

Besides, it would be better if farmers' cooperatives stopped creating problems for planters purchasing nitrogenous fertilizer. After all, the right to purchase it sooner is guaranteed by the Office of Provincial Administration. It is surprising that they still are not aware of it in some gminas. After all, farmers could avoid many unnecessary problems.

9761

CSO:2600/546

OVERVIEW OF POTATO CULTIVATION PROBLEMS, SUCCESSES

Lodz GLOS ROBOTNICZY in Polish 23 Feb 87 p 4

[Article by J. Pilichowski: "Potatoes, or There Is an Issue"; passages in slantlines printed in boldface]

[Text] /For 20 years, there has been no perceptible progress in Polish agriculture with regard to increasing the yield of potatoes. We may say that agriculture is stagnant under 200 quintals per hectare, a level nobody has been able to achieve and exceed in 41 years, despite much higher consumption of natural and mineral fertilizer.

Likewise, in the last year, which was very bountiful for agriculture because offavorable weather and also an increase in the average nitrogen-phosphorus-potassium fertilizer use by 3 kilograms after several years of stagnation brought on by the crisis, the yield of potatoes per hectare amounted to 194 quintals.

Of course, the crop was tremendous. As the last GUS [Main Office of Statistics] report stated, it was 39 million tons, which makes us the second largest producer of potatoes in the world (after the USSR). However, this production took place at a high cost to farms; also, it claimed 500,000 hectares too much arable land, of which we do not have enough/.

It is true that the scientists began work on intensive methods of potato cultivation quite late, having concentrated their effort on grains.

The creation by the Ministry of Agriculture of a group for preparing "The Report on the Status of Potato Production," which began operation 4 years ago, gave a new stimulus to work in the field. The group was headed by Prof Dr Stanislaw Roztropowicz from the Potato Institute.

We may find many curious things in this report. For example, in the GDR yields of potatoes have stabilized around 250 quintals per hectare; in the FRG, Sweden and Great Britain agriculture on the average achieves about 300 quintals per hectare, and in miniscule Switzerland, 350 quintals per hectare has been exceeded. The chapter of the report on the cost of production is even more interesting.

/It follows from detailed documentation that in 1985 the cost of producing one ton of potatoes amounted to between 6,500 and 7,000 zlotys. The procurement price for bulbs was almost the same. This suggests that a Polish farmer who harvests about 200 quintals per hectare on his fields, makes no profit. He simply recovers the total cost of production./

The conclusion is that only the farmer harvesting over 200 quintals makes money. Already there are many such farms. However, the thought that there still are many who harvest 150 quintals is scary. They were the ones who depressed the statistical average to 194 quintals per hectare in the successful year 1986 as well. All of them, often without knowing it, produce unprofitably and fail to even recover full costs by cultivating potatoes in a very "traditional" manner. On such farms, you may often hear that "hog breeding is not profitable." In their case, it is possible.

How to Increase Yields?

It seems that every farmer knows it and thinks about it intensely in winter and definitely in the early spring. However, results in the fall vary.

/It appears that the technology of potato cultivation should be changed completely to something resembling intensive grain technologies./ Broad implementation of the latter has facilitated the breaking of an impasse in grain yields. We have already overcome the vicious cycle of the almost three last 5-year plans when yields of the "four grains" [wheat, rye, barley and oats] fluctuated under 25 quintals per hectare. We achieved 30 quintals per hectare as recently as 1984.

Recently (at a press conference on 3 February), Minister of Agriculture, Forestry and the Food Economy Stanislaw Zinta said, referring to comprehensive grain production technologies:

/These are technologies which do not force us to take the means of production from some farmers so there are enough of them for others. Almost the entire increment in yields (amounting on occasion to 10 quintals of grain per hectare) is due to the use of new agricultural technology and organization in both additional feeding and protecting the plants. In a word, the means used produce a greater economic effect. We are very much interested in these efficient technologies. This also applies to energy-efficient technologies allowing us to use the power of wind, heat of the sun and calories in biogas.../

At present, new comprehensive technologies for potato cultivation are also being developed in the laboratories of Polish scientists and on experimental fields. The effect of additional feeding of plants through leaves at different stages of growth is being looked into. The efficiency of applying various microelements, stimulators of bulb growth, stimulators of accumulation of plant protein and starch (this increases the value of potatoes as fodder) is being checked out. The program also includes extensive work on hybridization and other work on producing tastier, high-yield and resilient potatoes, continuing for many years at the Potato Institute and experimental stations. This work will certainly yield a precise comprehensive technology

which will be improved as research proceeds and results on experimental fields become apparent.

The most important elements of this technology are already being implemented as the status of research to date warrants. These elements were enumerated in the report by Prof Stanislaw Rostropowicz presented last fall at the session during the "Potato Holiday" in Monki, Bialystok province. Here are some of the ingredients of this comprehensive technology:

/Selection of a variety suited for the intended use of the potatoes (certainly, from among the varieties acclimated in the gmina, which is a great convenience for the farmer).

Appropriate acidity of the soil, its diligent cultivation and application of manure in the fall.

Additional mineral fertilization based on an up-to-date survey of the fertility of the soil in the field.

Planting quality seedlings purchased at a retail outlet or delivered to the farm by the Seed Management Organization.

Early planting and the use of a well-adjusted potato planter.

Protection of the field against potato blight and the Colorado beetle based on precise monitoring by the plant protection service.

Protection of potatoes from weed infestation during blooming and later vegetation./

Strict adherence to this technology, the elements of which are well known in rural areas, makes possible a yield of 250 to 300 quintals of bulbs per hectare under regular climatic conditions of our country and on average-quality potato soils belonging to categories 4a and 4b. Under favorable conditions, which we have had over the last 4 years, the yields can be much higher. It is no secret that in every province of our country there are thousands of farms which get 300 and more quintals per hectare.

Three Major Blunders

The Potato Institute in Bonin brings up in its publications three major blunders which most farmers make:

/The first blunder is planting potatoes late. This is associated with the "traditional" application of manure for potatoes in the spring/, also in our, central area of the country. By planting late, the farmer loses twice: first, because the potatoes have less time to grow, and, therefore, to accumulate bulk and synthesize starch and protein. Second, he loses because the mineral and natural fertilizer applied is not properly absorbed during this short period of time.

/Inappropriate fertilization is the second blunder./ What is meant is the proportion of ingredients. Inappropriate fertilization facilitates neither greater bulk nor photosynthesis; it can also reduce the resistance of potatoes to disease, even to such a degree that high-quality seedlings purchased from the Seed Management Organization deteriorate and are not fit to be planted next year.

/Neglect of strict control of potato blight is the third blunder, which reduces the yields the most and affects the value of the potatoes cultivated (both taste and fodder value)./ This has long been pointed out by research stations and seconded by agronomists.

According to the research by S. Kaczorek from the Potato Station in Jadwisin, the yield of potatoes can be much higher even in an average year, given strict control of potato blight and proper cultivation. At this station, the average final yield from one hectare of the "Alba" variety potatoes in 1981 and 1984 amounted to 436 quintals per hectare. The "Atol" variety yielded 477 quintals per hectare in these years, and "Elida"--408 quintals. It should be recalled here that in these years the average yield of potatoes in Poland amounted to 198 and 174 quintals per hectare respectively.

Moreover, the potatoes of the above varieties harvested in Jadwisin had from 0.8 to 1.3 percent more starch in the bulbs, which, given the bulk of the bulbs harvested, gives us a tremendous economic benefit, primarily in the form of more efficient fodder.

This higher quantity of starch also owes to the protection of leaves against potato blight.

Any WOPR Instructor Will Help

The WOPR [Provincial Center for Agricultural Progress] instructors may be a great help to the farmers who decide to use a comprehensive technology. At times, the instructor can interpret the results of a soil fertility survey better than the farmer and calculate which fertilizer ingredients should be augmented and by how much. He will also be aware of which varieties in a given locality are more favorable for fodder and for human consumption. /The for fodder and for human consumption. /The WOPRs receive the most up-to-date documentation in the form of bulletins./ Therefore, new recommendations may be implemented immediately under the supervision of the WOPR instructor, even before the work of scientists finds its way to print.

Increasing the yield of potatoes per hectare is of enormous significance for both the farms and the state.

9761
CSO: 2600/546

ENTERPRISE ALTERNATIVES TO BANKRUPTCY, BANK ROLE VIEWED

Warsaw ZYCIE GOSPODARCZE in Polish No 14, 5 Apr 87 p 4

[Text] The 29 June 1983 law on improving the management of a state enterprise and on its bankruptcy, amended on 31 July 1985 to include stricter criteria for evaluating an enterprise's financial status, has been in effect in its new form for a year. Experience has shown that really only the bank is observing the provisions of the law. As the main creditor, concerned about the repayment of credits, it examines the client's ability to meet its obligations. Individual cases, where the enterprises themselves propose measures to remedy their financial situation, only confirm this rule.

In compliance with the law, when the enterprise's obligations to the budget exceed profits and the money in the development fund is not sufficient to ensure that obligations are repaid on schedule, the bank stops granting further credit and makes restoration of credit dependent on submission of a remedial program. On 31 December 1986, 332 enterprises found themselves in such a situation (out of 6,900). In this group were 250 enterprises to whom credits were granted on the basis of approved remedial programs, 48 were given credits temporarily pending submission of a program, and in 34 cases, credits were halted, either because a program was not submitted or because it was not accepted by the bank.

In the past year, 256 establishments were asked to submit remedial programs. During this time, 160 enterprises had their credit rating restored to them, or after repaying their obligations to the bank, did without further credit. In 21 cases out of these 160, the tasks contained in the remedial program were fulfilled. In 77 cases, the firms regained their credit rating with help from the outside; 63 enterprises were given various types of temporary relief. In 45 cases, financial figures improved during the 3-months' notice period which the law requires, or it turned out that the difficulties were only of a temporary nature.

Sixty-five firms, in which remedial policies produced negligible results, were protected from bankruptcy by their parent organs--who appointed boards of commissioners--because of their importance to the public interest (which the law allows but does not define more closely). This meant a de facto involvement of the state treasury in the repayment of credits. Observations show that often appointment of a board of commissioners is only an expensive

(to society) postponement of a drastic--although essential from the standpoint of the economy--decision on the bankruptcy or liquidation of an enterprise.

Sometimes when remedies are attempted, instruments of dubious value are employed, particularly from the standpoint of economic efficiency and the anti-monopoly law. This is the absorption of a would-be bankrupt enterprise by a financially stronger enterprise. Twelve such cases were recorded in 1986.

Due to various measures, both inside the enterprises (often a change in prices) as well as attempts by "patrons" on the outside, in 1986 only two enterprises went "under the hammer" (not important ones, it must be said).

The bank does not wish to be a source of money for enterprises. But it does wish to have an active influence on efficiency improvement. A more stringent credit policy aims in this direction, a policy by which enterprises with a good credit rating can borrow money to improve their products, but whose balance statement is the result of real self-financing. Apparently many enterprises do not meet these criteria. Thus it can be assumed that this year the number of firms with a poor credit rating will increase. Leszek Urbanowicz, vice president of the Polish National Bank, expressed this opinion at a press conference on 25 March 1987.

Customarily, remedial measures, and especially announcements of bankruptcy or liquidation of an enterprise, have been regarded as a kind of punishment for poor work done by the workforce, which looks upon this as a strange injustice meted out by blind economic and financial mechanisms and a bank which is guided too strictly by formalities. Rarely is the mechanism of bankruptcy and liquidation seen from the standpoint of the policy for restructuring the economy and eliminating inefficient enterprises, which are really a burden on this economy.

9295

CSO: 2600/550

OFFICIAL EXPLAINS 'SOCIAL MINIMUM' CONTROVERSY

Warsaw ZYCIE GOSPODARCZE in Polish No 12, 22 Mar 87 pp 1,4

[Interview with Prof Antoni Rajkiewicz, director of the Institute of Labor and Social Affairs, by Grazyna Smulski]

[Text] [Question] A great deal of misunderstanding surrounds the social minimum. We see many different definitions. The interpretations are--it seems to me--more and more liberal. I would like to return to the origins. Could you briefly describe the social minimum? Where did this term come from?

[Answer] I am happy to be able to talk calmly on the subject of the minimum and describe those matters which relate to this social policy. Indeed, it has recently aroused various emotions and caused misunderstanding--on many levels. First, these emotions are connected with the social-minimum concept itself, and second, with whether or not it is even necessary in social policy. The methods by which the social minimum was determined and the practical importance of these kinds of determinations was also subjected to question. Finally, the statements concerning the publication of the results of studies are far from relevant or dispassionate. Some fear that publishing the minimum will create a basis for wage and benefit claims, other believe that immediately upon publication they can obtain increases automatically.

Everything began over 30 years ago. Articles appeared in ZYCIE GOSPODARCZE: Zofia Morecka's, titled "The Lowest Wages," Tadeusz Jaworski's, "We Must Face the Truth," and Jan Malanowski's, "The Matter of Minimum Existence." During this same time, Adam Sokol wrote a paper in Gdansk titled, "A Criterion for the Biological Reproduction of the Labor Force as a Criterion for Payment for Work." And so even back in the 1950's, the term which is the subject of our conversation was being talked about, written about, and worked on.

During the 1960's, studies on the social minimum were made by Lucyna Deniszozuk in the Planning Institute and by Andrzej Tymowski in the Domestic Trade Institute. The latter prepared a monograph on this subject, which later became his dissertation and was accepted by the Social Sciences Department at Warsaw University. Titled "Social Minimum--Methodology and Attempt to Define," it was published by the State Publishing Institute in 1973 in 1,000 copies. In it, the author talks about the origins of this term and its significance in social policy.

It should be mentioned that the minimum calculated by A. Tymowski for the first quarter of 1970 (called the "social consumption minimum") was 1,515 zlotys for a single young male, 1,202 zlotys for a single retiree, and 4,210 zlotys for a four-member working family. The estimates made by this author showed that 14 percent of the workers, 20 percent of the retirees, and every third four-member working family did not come up to the calculated minimum. If we compare these data with the socioeconomic situation in 1970, society's reaction to the December 1970 price increases is not surprising.

[Question] How do we define the social minimum?

[Answer] The definition which the Institute of Labor and Social Affairs uses is close to that used by Tymowski, which says that it is the sum of the goods and services necessary to maintain personal health, enable a person to work, and ensure normal physiological development. We read in the institute's materials that the social minimum indicates a level of consumption by families or single persons which is assumed to be tantamount to satisfying typical, indispensable biological, cultural and social needs, as found to be minimal at a that stage of the country's socioeconomic development. It is added that the concept of socially indispensable needs is conditional and relative.

This definition should not be regarded as something that is unalterable. It needs to be made more precise. But I believe it describes the essence of the term being discussed here.

[Question] In addition to the social minimum, other "minimums" appear in the discussions on this subject: biological, existence, living, critical, welfare--I don't know whether I have named all of them. By the multiplication of these minimums, does not the correct "social minimum" term become diluted? How do you see this?

[Answer] We are very prolific in creating various types of concepts. The term "minimum" has also taken on many definitions. But "concept-creation" does not change the essence of the matter. Although, at the last meeting of the Family Council, the social minimum established by the Institute of Labor and Social Affairs was compared with the "living minimum," which was 2,000 zlotys lower than that calculated by us in the institute. Because that minimum pertained to people who were still working it amazed me and I felt I had to reply. We cannot propose a living minimum in assessing the standard of living of the working people because the cost of regenerating their vital forces and maintaining a minimum standard, due to their participation in cooperative work, must be considered.

However, we added the description "critical" to the minimum established in the institute during 1982-1985. First, because certain items were state-controlled and, therefore, in the basket of goods we considered only a standard which was possible under rationing, e.g., 1 kg of sugar, etc. Second, many items not covered by state control were not available, e.g., clothing. Therefore, we had to add expenditures for repair of old garments.

But I do not conceal the fact that there are centers and groups of people in Poland who find it to their advantage to "dilute", as you say, the term "social minimum." I believe that constant studies should be made, by this same method we should compare the value of a basket of goods and services, and also, as changes in the market occur, we should revise these figures.

[Question] Are studies on a social minimum also being made in other countries?

[Answer] Yes. For example, in France and in Finland. We are now collecting current material on this subject, so I am not familiar with the latest data. At one time these studies were very far along in Czechoslovakia. The institute in Bratislava conducted them on a wide scale, which was, in some measure, an inspiration to us in the 1960's. In France, there is a guaranteed minimum, and in other countries interchangeable terms are used, which you named earlier: existence minimum, biological minimum, living minimum. These are matters which are treated in various ways abroad.

In any case, this is not a term which is liked by the authorities, but is supported more by the trade unions and social welfare institutions.

[Question] What is the social minimum supposed to do, how should it be used?

[Answer] I can repeat what is contained on this subject in Council of Ministers Resolution No 165, dated 10 August 1981. It states that the social minimum should be considered in establishing the amount of the lowest wages, annuities and pensions and other benefits which constitute the source of personal incomes, and also in establishing courses of action aimed at improving the standard of living and in planning the distribution of workplace funds designated for wages and the benefit of society. Furthermore, and this--in my opinion--is very important, the minimum should help to ensure that the right goods are available on the marketplace, particularly the standard goods and services. The point is that those with the lowest incomes should be able to find inexpensive items in the shops--the standard, basic level items.

[Question] To what degree is this true?

[Answer] In 1982, when the minimum wage was determined to be 5,400 zlotys and the minimum annuity and pension was set at 4,650 including compensation, the institute's calculations were taken into account. In mid-1982, the minimum in a four-member working family was 5,275 zlotys, and the minimum for a single older person was 5,835. Since that time I don't know what use the institute makes of the materials sent to it. But I think that the great caution exercised by the authorities in making price decisions is due--among other things--to an examination of the data contained in the calculations of the social minimum.

[Question] How did it happen that the Council of Ministers passed the resolution on the minimum?

[Answer] This resolution was the direct result of the Ninth Congress resolution. W. Jaruzelski said then that the starting point in determining

the lowest wages, annuities and pensions, as well as the compensation for the growth of the cost of living, beginning in 1982, will be the social minimum. This was similarly expressed in the 13th point of the Congress' resolution and also in the directional assumptions of economic reform. In these assumptions, point 97 reads that the leading analytical category in the shaping of the policy of wages and incomes is the social minimum, which should be updated at least once a year depending on changes in the cost of living.

Resolution No 165, signed by the then-president of the Council of Ministers, Wojciech Jaruzelski, assigned the Institute of Labor and Social Affairs (ILSA) the task of conducting studies on the social minimum, covering a basic set of goods and services for individual families, determined in the form of materials and money, taking current prices into account.

[Question] The Economic Commission of the Trade Unions [legal successor to Solidarity] recently rejected three variants of a Council of Ministers draft resolution, which were supposed to replace Resolution 165 dated 1981. The unionists came out in favor of retaining all of the 1981 document and the past concept of the social minimum, its substance and function. What is your opinion on this? Has Resolution 165 become out of date to some degree or has the method of calculating the minimum turned out to be faulty?

[Answer] I believe that the Trade Unions are right when they propose, as you say, that the present concept, substance and function of the social minimum should be retained. Obviously, the method of calculating the minimum can be improved, but I see no need for far-reaching changes. Resolution 162, in my opinion, is not out of date and should continue to remain in effect.

[Question] And is it now being fully implemented? We have already talked about making use of the studies, but there is still another matter. In the opinion of the public, the social minimum is "secret," although according to the resolution, it is supposed to be published. Although, the deputy minister of labor, wages and social affairs, Stanisława Borkowska, said during the discussion in the Family Council that the minimum is not secret but controversial, this does not change the fact that the figures on this subject are not generally available. Therefore, if only on this point, the provisions of Resolution No 165 do not seem to be observed, and by the Council of Ministers, at that.

[Answer] Of course the social minimum is not secret. My predecessor as director of ILSA, Prof Stanisław Czajka, published the results of the studies in ZWIĄZKOWIEC. Recently, in this same weekly, the Trade Unions published their calculations of the social minimum. From time to time, during various speeches, employees of the institute publicly announce the results of our studies.

[Question] Why is the social minimum controversial? What does the controversy surrounding it pertain to?

[Answer] So far as I know, there are disputes between the ministry of labor, wages and social affairs and the trade unions concerning the methods of calculating the minimum, the content of the basket of goods and services, the frequency of the calculations, etc. But thus far the institute has not

received any official information which would require a modification of the work being conducted since 1981 on the social minimum. Therefore, we are functioning in accordance with the requirements ensuing from Resolution No 165 and are regularly sending our calculations to the Ministry.

The controversy stems to a large degree from insufficient familiarity with the matter. The social minimum calculated by ILSA is an analytical category and therefore cannot be regarded as an amount that can be claimed. It is important as information--it says how much money has to be designated each month for the purchase of specified goods and services.

[Question] I know that the object of controversy is also whether it is to be in the form of materials or money. Can both these forms be divided and treated separately? Which is more important?

[Answer] It is my belief that materials must be the basis, but these must be materials which can actually be obtained. The money form must correspond to the material form--money derived from the current prices of these articles.

[Question] What is in the basket used to calculate the minimum?

[Answer] In its calculations ILSA includes a minimum of approximately 1,100 articles and services, dividing them into food (14 groups), clothing (7 groups), use of housing (7 groups), equipping of housing (17 groups), hygiene and health (19 groups), culture, education and rest (12 groups) and transportation and communication (5 groups). Expenditures for alcohol and cigarettes are omitted, however about 10 percent of the calculated minimum is disposable income which can include flowers, coffee, etc.

[Question] How was this set of articles established? Does it have its counterpart in the actual state of consumption or does it pertain to postulated consumption? In other words, can the social minimum be identified with a model of socially indispensable consumption?

[Answer] A minimum is only a minimum, and I would like to strongly emphasize that. It is not a standard of desired consumption, corresponding to a certain cultural standard. Attempts at such a standard were made in the late 1970's. This was then called "socially minimum incomes." There was talk about a model of socially indispensable consumption, taking into account not only the biological needs of an individual, but also the steady development of his personality, adapted to the level and rate of socioeconomic development.

[Question] After the socioeconomic collapse in 1980, the adjective "critical" was added to the minimum, as I already mentioned, and the term "socially indispensable" was dropped. We must say, however, that at that time, according to estimated data, almost three million families were not up to this socially indispensable level. In calculating this minimum, the 1 February 1974 directive, embodied in the speech of the then first secretary of the PZPR CC, was applied. This directive says that we intend to have the lowest wage constitute half of the average wage and that is why it is essential that an analysis be made of how the indispensable and socially justified minimum to maintain oneself is established.

The present minimum cannot be identified with the model of socially indispensable consumption, nor with the so-called "biological minimum" which would be limited only to food expenditures, enough for survival, and expenditures for housing and clothing.

[Question] What is the present social minimum?

[Answer] Our last fixing was based on last August's conditions. Therefore, as calculated by the ILSA, the minimum for a single working person is 10,710 zlotys, for a person in a four-member working family it is 8,720, for an older single person it is 9,590, and for a person in a two-member retired family, it is 8,455 zlotys.

For example, I will give you the distribution of the specific minimum expenditures for a person in a four-member working family. Food, 5,060 zlotys (58.1 percent), clothing and footwear, 1,205 zlotys (13.8 percent), housing, 890 zlotys (10.2 percent), hygiene and health protection, 275 zlotys (3.1 percent), culture, education and upbringing, 225 zlotys (2.6 percent), transportation and communication, 275 zlotys (3.1 percent), and 790 zlotys (9.1 percent) for other expenditures.

[Question] Who, aside from ILSA, calculates the social minimum and what are the differences based on?

[Answer] As far as I know, Lucyna Deniszczuk from the Institute of the National Economy calculates it and so does the Trade Union group. Possibly there are other groups and centers which concern themselves with this, but I have no more information on this.

The Trade Unions make different assumptions as to the composition of the basket. Namely, they base the consumption of food items by children and youth on standard D, i.e., the "ideal" consumption, while we base it on standard B, i.e., "adequate" consumption, a moderate basket, just as for adults. The Trade Unions also assume short periods of use of durable goods. As far as prices are concerned, they take the average of the low prices of the particular goods, while we use figures from the Main Statistics Office (MSO). Our food prices are those actually paid by the consumers, according to studies of household budgets, and our prices of other articles are taken from sales records.

Assumedly, the minimum basket should be made up of the cheapest items of the particular goods. But because they are not always available, we use average prices, which are higher.

In short, the minimum calculated by the Trade Unions was always higher than that calculated by ILSA. Last year the difference was 13.3 percent in the case of a single working person, 11.4 percent in the case of a person in a four-member family, and from 2 to 5 percent in retired families.

[Question] And what about the peasant families? Does no one calculate a social minimum for this social group?

[Answer] Thus far we have not begun to do this, although the farming and two-job people are also mentioned in Resolution 165. But there are special institutes and colleges--I am referring to the Institute for the Development of Rural Areas and Agriculture, the Institute of Agricultural Economy, the Central School of Agriculture--which concern themselves with problems of the rural areas, and who, I know, are familiar with the subject of the social minimum. The National Association of Farming Circles and Organizations is also interested in this and committees which are supposed to study this minimum have been formed.

There is a certain methods gap here. Difficulties appear in the selection of a typical farm family, and consequently, in the establishment of a minimum basket. It is hard to determine expenditures for housing and to fix prices on natural consumption and differentiate between production and consumption expenditures. All of this requires complicated calculations and in the institute we do not have the necessary materials or the specialists to do this. We have decided, by estimating, that the social minimum for families connected with agriculture is about 85 to 90 percent of the minimum fixed for working families. But it is hard to say how this social minimum should be used in the case of the farming populace. Possibly it might be used in establishing amounts of pensions and annuities for farmers, but then the social minimum for older people could also apply.

[Question] What part of society lives below the social minimum and is this part the same as the poverty level?

[Answer] ILSA does not now estimate the number of people who live below the social minimum or below the poverty level. Such estimates are made by the MSO using income criteria which, from our viewpoint, are inadequate, because in addition to recorded incomes there are different types of transfers. Anyway, the MSO, in surveying 120,000 households, showed that approximately 21 percent of these households receive various kinds of assistance from the outside. Sometimes it is greater than the income that is officially recorded.

Furthermore, in deciding who is poor, should not the affluence of the household be considered? Very often, the very fact that a home is owned and part of it can be rented out can drastically change the financial situation of a "low-income" family. On the other hand, someone who pays 10,000 to 15,000 zlotys in rent, despite a high income, lives in very difficult circumstances.

Almost a million households have a garden plot. This fact is also omitted in MSO reports on living standards. And an aggressively cultivated garden can greatly affect the amount of expenditures for food and change the structure of consumption.

A large number of people also travel abroad. Generally, these trips are not subsidized. On the contrary, they improve the household's financial situation.

I always question the automatic identification of the poverty level or privation with pensioners, annuitants, families with many children, or persons who are in some way disabled. In every one of these groups the financial

situation differs greatly. The situation of a retiree living entirely on his retirement income--fixed a long time ago--and living alone, is different from one living in a multigeneration household. Therefore, I would not confuse a social minimum, calculated by ILSA, with estimates concerning households in the so-called "straitened-circumstances" category. This category should be fixed primarily by the local public assistance offices which should ascertain the state of privation at the place of residence, taking into account the housing situation, the affluence of the household, current incomes, and transfers derived from various sources. Also, the allowances and entitlements granted to a given person.

The criterion for judging the standard of living should be the specific household situation, and not affiliation with a social category or recorded income derived from wages or social services. Of course, it is much easier for statisticians to use recorded amounts than to delve into household affluence or income from other sources.

9295

CSO: 2600/550

BRIEFS

USSR JOINT VENTURE--The "Ponar-Ostrzeszow" Mechanical Equipment Factory in Ostrzeszow (Kalisz voivodship), a producer and exporter of electromagnetic coupling, is to be the base for a joint Polish-Soviet enterprise. It is now in the final stages of preparation. [Text] [Warsaw RZECZPOSPOLITA in Polish 15 Jun 87 p 1] /9604

COOPERATION WITH USSR--On 13 June, Deputy Premier Wladyslaw Gwiazda met with Vladimir Gusev, deputy chairman of the USSR Council of Ministers, currently visiting Poland on an invitation from the government as head of the official Soviet delegation to the 59th International Poznan Fair. Their meeting was to address certain problems in trade and economic cooperation between the two countries, particularly in the area of chemical and light industry. L. Firisanov, deputy chairman of the Byelorussian SSR Council of Ministers, and E. Grzywa, minister of Chemical and Light Industry, took part in the discussion. Soviet Ambassador Vladimir Brovikov was also present. [Text] [Warsaw TRYBUNA LUDU in Polish 15 Jun 87 p 3] /9604

CSO: 2600/658

BALANCE OF ACCOUNTS FOR 1986 REVIEWED

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 20 Apr 87 pp 24-26

[Article by Tomislav Dumezic: "Year-End Statements: As the Property Goes, So Go the Results"]

[Text] The economy's income (according to figures of the SDK Yugoslavia) rose 20 index points last year over the growth of the gross income, almost exclusively because of changes in price relations--prices of raw materials and supplies and prices of energy (above all petroleum and gas) dropped relative to the prices of finished products. That change afforded a considerably faster growth of consumption in sociopolitical communities, in the social services, as well as personal and social service consumption in economic organizations. But since the growth of budgets, the growth of spending in the social services, and to some extent also the growth of personal incomes of those employed in the economy, was exaggerated, the accumulation of the economy suffered and essentially diminished in real terms by comparison with 1985. This is also shown by the rate of profitability (the ratio between resources set aside for accumulation and reserves, minus current losses, and the business fund), which dropped from 5.9 in 1985 to only 3.7 last year.

All the changes which have taken place in the financial results of the business operation of the economy and in the distribution of income and net income still cannot be explained exclusively by the change in price relations and the increased spending. Nor can we dispute the influence of the measures of current economic policy last year. Those measures, which in part also tended to worsen the trade balance, also affected the cost structure in the economy. It was perhaps interest rate policy which had the greatest impact. Interest rates on credits and on time deposits were considerably lower last year than the rate of inflation. That is why the growth of expenditures for interest, although it exceeds the growth of gross income, was considerably smaller than it would have been if the policy of bringing interest rates closer to the rate of inflation had been retained.

Interest on credit for working capital amounted to 3,702 billion dinars, which is 101 percent more than in 1985. During last year the economy also realized considerable revenues from interest (1,813 billion dinars), which is 106 percent more than in 1985.

Untenable Structure of Property

Why is interest on credit for working capital such a large item in the cost structure of products and services, when interest rates on credits were between 20 and 30 points below the rate of inflation? The answer to the question is given by the structure of the economy's property and the level of inventories in economic organizations.

[...] carried over into the year is deteriorating. The basic characteristic of that structure is as follows: in both absolute and relative terms the economy is an ever larger owner of fixed capital (since credits for fixed capital from domestic sources have been shrinking year after year under the impact of inflation), but it is less and less an owner of circulating capital (again because of the infective inflation and an erroneous accounting system in which the money of the economy loses value in proportion to the rate of inflation). The following figures show the structure of the economy's property in 1985 and 1986:

(In billions of dinars)

Indicator	1985	1986
Fixed capital at present value	14,940	29,661
Fixed capital in preparation	2,857	5,170
Total fixed capital	17,797	34,821
Credits on fixed capital	4,694	7,470
Coverage of fixed capital from permanent long-term pooled resources	13,103	27,361
Permanent sources	15,983	31,834
Long-term pooled resources	996	1,529
Total	16,979	33,363
Portion to cover fixed capital	13,103	27,361
Portion of permanent sources for working capital	3,876	6,002
Long-term lendings	3,009	4,634
Uncommitted resources	867	1,368
Status of inventories	6,489	11,691
Percentage of coverage of inventories with "own" sources	13.36	11.70

The uncommitted portion of permanent sources of business assets and long-term pooled resources experienced a nominal increase between 1985 and 1986. This nominal increase (which amounts to 58 percent) is still considerably below the rate of inflation, which means that the real value of "own" uncommitted working capital of the economy decreased last year. The relative slowing of the drop in the value of "own" working capital is the consequence of a partial revaluation of inventories of working capital entered in the books as a credit to the business fund. This revaluation has yet another consequence, but it is negative--it contributes to higher inflation, since the revalued (higher) value of supplies and finished products causes a rise of sales prices.

The computation concerning the uncommitted money assets of the economy used to cover working capital is not absolutely accurate. However, if the same is

applied [...] the comparison is altogether possible. It follows from these figures that at the end of 1985 the economy was covering only 13.36 percent of inventories with those sources, while at the end of last year that percentage had dropped further and fallen to 11.7 percent. This is evidence that the present structure of property is untenable. The economy ought to be covering at least 50 percent of inventories with its own sources of business assets. That was the situation 10 years ago. The drop in the share of internal resources is a consequence of inflation and of the value lost by the working capital of economic organizations. However, the economy, again under the influence of inflation, is an ever larger owner of fixed capital, since it is obligated under long-term credits from domestic sources which were granted at a symbolic fixed rate of interest and are shrinking steadily.

The size of inventories is a particular problem. The present accounting system stimulates economic organizations to enlarge inventories of raw materials and supplies, work in process, and finished products. This attitude toward inventories will be even more evident during this year because of enforcement of the new Law on Gross Income and Income. The continual revaluations will speed up the growth of inventories and inflation, and we can expect that even by 30 June of this year total inventories will reach the value of the annual social product.

Although higher spending last year brought about a real reduction of inventories of finished products and goods, and smaller imports caused a reduction of inventories of raw materials and supplies, total inventories in the economy reached 11,691 billion dinars and rose 80 percent over the level as of 31 December 1985. There has also been a change in the structure of inventories. The share of raw materials and supplies dropped from 45.7 to 43.5 percent of total inventories. Inventories represented by work in process grew considerably (by 16.5 percent). There was also an above-average growth of inventories of goods in the trade sector and of their share in total inventories, which is largely the consequence of the faster rise of prices toward the end of last year.

Interest Without Function

The drop of interest rates last year relative to the rate of inflation also tended to make the rise of expenditures for interest somewhat slower. We are still dealing with immense amounts. Interest on credit for working capital alone amounted to slightly more than 3,700 billion dinars, which is threefold more than total net accumulation and reserves of the economy last year. At the same time the interest on all credits for fixed capital (credits from domestic sources and foreign credits) amounted to only 556 billion dinars. Since the interest on credits for working capital on this scale is exclusively a consequence of the untenable structure of sources of business capital, it has no economic function whatsoever. It does not contribute to optimum allocation of resources, nor does it influence changes in the structure of production, but exclusively represents a necessary item to maintain a certain level of production and services. Of course, a different influence is also possible--a shortage of working capital and interest could tend to decrease the volume of business. But even in this case the economic effects could be only still less favorable.

Under those conditions the interest rate is an instrument for redistribution of income--to take away a portion of income from the economy and to pass it on to the National Bank and to sociopolitical communities. In addition to this redistribution, there is yet another--regional. As a rule the more advanced regions also have a somewhat more favorable structure of sources of working capital, which, along with the better-quality production, contributes to a more favorable relation between expenditures for interest and revenues from interest. This redistribution also has its sectoral aspect--production activities (mainly industry and agriculture) have markedly high expenditures for interest, and they are considerably lower in the service activities.

The figures in the table below show the relation between expenditures for interest and revenues from interest in 1985 and 1986 by republics and provinces:

Coverage of Expenditures for Interest on Credits for Working Capital by Revenues From Interest

In percentages

Republics and Provinces	1985	1986
Yugoslavia	47.9	49.0
Bosnia-Herzegovina	46.5	44.6
Montenegro	38.2	40.8
Croatia	46.6	48.5
Macedonia	35.0	33.5
Slovenia	60.5	63.6
Serbia proper	47.7	48.8
Kosovo	36.4	36.5
Vojvodina	44.7	44.5

While last year the economy of Slovenia covered almost two-thirds of its expenditures for interest related to credits for working capital with its revenues from interest, the economy of Kosovo managed to cover only one-third of those expenditures, and that was also true of the economy in Macedonia. Economic organizations in Montenegro, Vojvodina, and Bosnia-Herzegovina also have a markedly unfavorable ratio in this respect. This is indicative of the absolute correlation between the level of development and the level of costs based on net interest paid except in the case of Vojvodina, where this ratio is the same as in the underdeveloped republics, and in this case it is the consequence of the structure of the economy, that is, the credit financing of large stocks of farm products and foodstuffs.

An Economy Without Profit

Total funds set aside for accumulation and reserves in the economy last year amounted to 1,827 billion dinars. Since losses over the same period amounted to 634 billion, it follows that net accumulation, including resources set aside for reserve funds, amounted to 1,193 billion dinars, which is only 26

percent more than in 1985. Since inflation last year was about 85 percent, it follows that net real accumulation dropped approximately 32 percent.

The economy's actual accumulation is still less than shown by the figures of the SDK Yugoslavia. Less for the following reasons: first, because depreciation is still considerably lower than the necessary level to maintain the present level of equipment; second, because the current losses of the economy have been reduced and charged to revaluation of assets in quite a few enterprises up to the level of net interest paid; third, because the loss to "own" money property of economic organizations has not been indicated.

This kind of low accumulation is primarily the consequence of a lack of incentives on the part of those employed in the economy to maximize profit, but also of the inappropriate structure of property, which does not allow economic organizations to finance current business operation normally.

Regional differences in the level of the rate of accumulation and profitability of the economy are more and more pronounced. It is significant that the economy of Montenegro and the economy of Kosovo have larger losses even than this unrealistically indicated accumulation.

Profitability Rates*

Republics and Provinces	1985	1986
Yugoslavia	5.9	3.7
Bosnia-Herzegovina	3.8	3.1
Montenegro	--	--
Croatia	7.0	4.5
Macedonia	2.0	1.2
Slovenia	7.3	6.0
Serbia proper	7.3	3.7
Kosovo	1.2	--
Vojvodina	5.7	3.5

* The profitability rate is computed as the ratio between funds set aside for accumulation and reserves minus losses indicated and the status of the business fund.

Differences of this kind in the level of profitability are also accompanied by differences in the level of average personal incomes. In 1985 the average personal income in the economy of Macedonia was 28.2 percent below the Yugoslav average; last year it lagged 31.1 percent behind the average of the country's economy. In the economy of Slovenia the average personal income in 1985 was 31.6 percent above the average in the economy of Yugoslavia, while in 1986 it was 42.6 percent higher.

The new accounting system (should it be applied) will essentially influence the financial results which economic organizations will show in their bookkeeping. Income ought to be smaller in real terms, the process of growth of prices of raw materials, supplies, finished products, and goods in the

trade sector should speed up, the growth of the business fund should speed up, and personal incomes and social service expenditures should decrease. It is probable that the law will in fact be enforced only partially. And to withdraw completely from its application would not be a solution that would bring about any qualitative changes in the economy. There would have to be an essential change in the present system of revaluation in which only the "internal" and long-term pooled money of economic organization would be revalued. This presupposes a change in the structure of property--a return of money to finance current business operation to economic organizations, if only accompanied by transfer to the economy of a part of the foreign debt in the form of long-term credits. It would perhaps be worthwhile under present conditions to discourage economic organizations from building inventories, which can be achieved simply by a slight change in the present accounting system.

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MONOPOLISTIC PRACTICES, BUSINESS DISPUTES AIRED

Zagreb START in Serbo-Croatian 18 Apr 87 pp 35-37

[Article by Miodrag Sajatovic]

[Text] If at this moment we ignore the question of who actually allowed the Yugoslav monopolists to set prices freely, there remains the realization that the most recent action of the FEC against monopolistic behavior in the economy fits perfectly into the mosaic which indicates that socialism in Yugoslavia might better be described as monopoly socialism than self-management socialism. Attainment of the monopoly stage is indicated by the statements of certain economists to the effect that monopolies dominate all of two-thirds of the Yugoslav market. This has also been indicated by debates concerning the proposal for amendments of the Law on Combating Monopolistic Behavior, which have shown that a majority of the self-management accords and agreements [original reads "monopolies"] are actually monopolistic in character and that not only all business communities, but even all sociopolitical communities in the country can be accused of being monopolies.

The last three federal ministers for the market and prices have also proven how important monopolies are on the Yugoslav market. At the beginning of their respective terms of office all three declared that the fight against the monopolists would be a strategic line of effort of their ministries.

In its most recent drive against producers "who behave monopolistically" the Federal Executive Council decided to use imports and commodity reserves to intervene on the market, along with a 3-month freeze of rolled-back prices so that no sort of competition would be created on the market. These, of course, are short-term measures. For the more long-term settlement of the issue of the monopolists there are increasingly loud proposals for discontinuing the tutelage of sociopolitical communities (from opstinas to republics and provinces) over "their own" OUR's and stimulation of "healthy competition" on the unified Yugoslav market "through the stronger operation of economic laws."

Put that way, the recipes for combating the monopolized economic structure seem to be bona fide and, should they be consistently implemented, they would seem to be effective. Unfortunately, as in many other parts of the economic system, oversimplification to the point of vulgarization, voluntarism, ignorance, or intentional "blindness" have led to unfounded optimism. If a

beginning is to be made in acting effectively against specific Yugoslav monopolies, a consistent economic policy has to be devised, and that is not possible without theoretical clarification of many principles. In the case of monopolies, this specifically means a clear resolution of relations between monopolies and integrations, between competition and parallel capacities.

The prevailing "theory," for example, says that the most effective way of fighting the monopoly position of a producer is to create competition. In the abstract there can be no objection or dilemma here. It is different, however, when the first concrete example arises.

In Pozarevac, for example, there is an "old man's center" for raising baby chicks for the so-called lightweight varieties, and it is doing a good business. Now the people at "Agrokomerc" in Velika Kladusa have decided to establish their own "nursery" for the Yugoslav poultry industry. "Feathers flew" in the meeting in the Economic Chamber of Yugoslavia where the decision was to be made whether Yugoslavia needed yet another "old man's center" or whether this would be a duplication of effort. If the people from Pozarevac remain alone on the market, they have all the prerequisites for monopolistic behavior. If the people from Kladusa become involved, some kind of competition begins, but the result could be that the country would have two losing firms instead of one profitable one, especially if it is shown that the market is too small for two producers.

Or another banal example, again recorded in the Economic Chamber of Yugoslavia. In GLASNIK PKJ "Instrumentarija" of Zagreb, in conformity with regulations, announced that it intended to conclude a contract on long-term industrial cooperation with an Italian firm making an artificial hip. The committee for Yugoslavia's strategy in technological development soon received an objection from the work organization DES in Novi Sad. The people at DES said that there was no need to enter into industrial cooperation with a foreign partner, since they had already mastered the production of artificial hips long ago.

Was there a need, then, to enter into purchasing yet another license and thus creating competition which could contribute to a lowering of prices or save foreign exchange, and deliberately to allow the people from DES to harvest the fruits of their long years of trouble in mastering production, leaving the sick with no choice either with respect to price or with respect to product quality?

A similar dispute arose because of the intention of "Hladjenje" of Zagreb to collaborate with a Swedish firm in manufacturing tunnel-type continuous freezing machines. "Carbo-Diod" of Becej and "Termovent" of Belgrade, which had mastered production and quietly divided the market, filed an objection. Manufacturers of trucks, buses, motors, and trailers recently agreed on division of the market. The conclusion that came from a meeting of TAN, Zastava, Ikarus, Gosa, Utva, and others was that "our manufacturers want to avoid mutual competition, to divide up production in the proper way, and thus to make it easier for themselves to obtain access to the world and domestic markets." That would avoid duplicating capacity, but the participants in the cartel agreement would have every opportunity to behave in a monopolistic

manner, and some other chairman of the FEC will have to propose a decision to freeze or roll back the prices of their products.

Simultaneously with the "keen opposition to monopolistic behavior" integrational processes have been demanded at many meetings, including party plenums. The talk about them has been especially abundant this year. Kardelj Days in Sarajevo and the "Red Banner" (Crveni Barjak meetings) in Kragujevac were devoted to mergers, and there was also discussion of the necessity for the processes of integration as a "means of getting out into the world."

It seems logical that Yugoslav producers should integrate as closely as possible in order to break down national obstacles raised by protectionism by attaining the "critical mass." Linkage to form SOUR's also makes it possible to pool personnel, and that makes technological development easier to accomplish. But on the other side people forget that pooling, especially pooling of the horizontal type, that is, of manufacturers in the same category, say furnituremakers, is an excellent basis for creating yet another monopoly. The idyll is also clouded by the assertion of a Slovenian director to the effect that the processes of integration actually suit the political structures, since in that way it is easier for them to dominate associated labor. When there are too many economic entities, it is more difficult to keep a watch on them. It is easier for the committee to call in the director of one SOUR than the managers of a dozen independent work organizations.

There has been a great deal of talk for years now about duplicate capacity, and it has been exclusively negative. "We have too many sugar mills, oil refineries, computer factories, and other similar plants in which sizable dinar funds and foreign exchange have been invested, and now they are not running at full capacity," warn the opponents of investment mania in the seventies. Recently, however, Svetozar Rikanovic, federal secretary for finance, made what is for many people the "heretical" statement that "today many producers have a monopoly precisely because for years it was thought to be a great 'heresy' to build 'duplicate capacities.'" The Zagreb economist Dragomir Vojnic speaks in the same tone when he says that many factories which were supposed to be duplicate capacities in, say, the textile industry, are today the hopes of Yugoslav exports capable of combating the foreign competition on an equal footing thanks to the necessity of having to save themselves from ruin through competitive struggle.

We have thus come full circle. Simultaneously with the "resolute striving to abolish monopoly behavior" come demands from the same forums for mergers, which in and of themselves contain the germ of monopolism, especially on a small market like the Yugoslav market. At the same time there is a demand for creating a healthy economy by stimulating competition, but the desire is to do this without duplicated capacity which is the inevitable consequence of the competitive struggle and of the independence of the economic entity to decide what to build at his own risk. The confusion is complete when we realize that conventional competitive struggle in time necessarily results in a monopoly exercised by the ablest.

Dilemmas posed in this way can lead to the question of whether there is any solution at all. Of course there is. The simplest thing would be to abolish

both monopolies and competition, both mergers and duplicated capacities--by abolishing the market. However, the awkward thing is that the market can be abolished only by abolishing commodity production. And that is nevertheless a major step, although we still have the forces which prepare materials even for party meetings in which one can find a demand to "overcome market relations." Unfortunately, commodity production, and the market along with it, are a necessity of this stage of development. The market is not an ideal institution for development of the system of socialist self-management. All the contradictions, shortcomings, and advantages show up on it, and their effect and presence can cease only after a lengthy period of time, when the conventional competition is transformed into cooperation among broader segments of associated labor. But that is a question for generations at some future time. Experiences, indeed even the most recent in Yugoslavia, show that the market, regardless of all the "dirtiness," even today offers much better and more acceptable reference points for optimum behavior than objectively can come from the head of even the most intelligent bureaucrat.

So much for the commitment, "borrowed" from Dr Dragomir Vojnic's book. The concretization, however, is much more complicated, and answering the question of the desirable relationship between the monopoly and integration on the one hand and competition and duplicated capacities on the other in the present political and economic crisis of Yugoslav society would require writing the "Political Economy of Self-Management Socialism," a book which no one has yet written in 40 years of socialist society. Incidentally, it cannot even be said that there is a political economy of socialism at all.

That is why an analysis can be made of Yugoslav monopolies only at a much lower level, by surveying the rare scientific papers that are concerned with this problem area and the specific examples which confirm or refute them.

First of all, we need to explain the bombastic datum that is cropping up ever more frequently in the press, i.e., that "monopolies hold sway" over two-thirds of the Yugoslav market. There are many fewer "real," as they are often called, "natural" monopolies such as the electric power industry, the PTT, or the railroads. There is the greatest number of so-called oligopolies, i.e., the situation when there are only a few producers throughout Yugoslavia. The research done by the Ljubljana woman economist Tea Petrin is used most frequently. Oligopolies (four producers cover more than 40 percent of the market) exist on three-fourths of the market, and half are so-called "solid" oligopolies, T. Petrin says. At the same time she showed that 60 percent of wholesale and retail trade is oligopolistic.

A survey of Janez Prašnikar dating from the seventies, which showed that two-thirds of the enterprises in a representative sample had less than 10 competitors on the entire Yugoslav market, completes the picture. This may in fact seem quite enough for healthy competition, but it should not be forgotten that these are manufacturers from different republics and provinces and that about 75 percent of goods and services are sold exclusively within those respective sociopolitical communities.

This kind of market structure can to a large extent explain the stagflation in the 1st half of the eighties: no one who holds (oligopolistic)

monopolistic power is going to share the burden of the foreign debt and 'real parameters,' but rather will try to avoid that burden by raising his price. This is being done by the economy--its oligopolies and monopolies on the one hand--and by the government with its own 'price' (costs) on the other. The tug of war over the given stagnant product waged through prices results in stagflation," Nikola Zelic of the School of Economics at Belgrade University said at last year's conference on economic efficiency and self-management. And the FEC's present attempts to deal with the monopolists confirm his diagnosis.

"It might seem at first that strengthening monopolization in the economy leads to integration rather than to fragmentation of the economy and society," cautions Marijan Korosic of the Economics Institute in Zagreb. "However, Yugoslav monopolies are specific. They are not monopolies of the strong and powerful, professional and intelligent centers of political and economic power, which advance production and technology and finance scientific research and other advancement out of monopoly profits. On the contrary, these are monopolies of weak and unequal centers, small enterprises enclosed within local borders, technically isolated and left to themselves."

"Monopolies cover all the illogicalities of the economic system. Aside from that, they naturally tend to cut back production, to drop it below what is the most justifiable volume from the standpoint of society," Nikola Zelic says, rounding out the picture.

It is not difficult to find examples. It is already old stuff to call attention to the behavior of the electric power industry, which as a true monopoly is the same, since the consumer cannot conclude a contract to purchase less expensive power from a neighboring republic and to refuse to accept electric power from expensive oil-fired power plants in his own republic power industry, which last year even won the right to set its rates freely. But still there are "wildcat" examples of how enterprises flee the market into monopoly (oligopoly).

Last December attention was called to "Parafinka," the match factory in Rijeka, with its campaign for "a month of Parafinka sales" on "its own" regional market. Although "Parafinka" does not have its own sales outlets, its "business sense" managed to "purge" all the kiosks belonging to "Duhan" and "Vjesnik" of the competitive matches made by "Drava" and "Dolac." To the resentment of smokers, who had to buy what they did not want, an explanation appeared at first in the newspapers to the effect that this was only an attempt to sell off inventories built up because an export market had been lost. Jovan Abramovic, director of "Parafinka," explained, however, the gist of the entire campaign:

"Paraffin matches are not equally represented on our market. We are attempting to correct those anomalies, but we have been encountering resistance from sellers and domestic producers of matches. Our marketing department and sales are nowhere near as developed as is the case with "Drava" in Osijek, which has managed to establish and guarantee its primacy on the Yugoslav market. The campaign which we conducted in December within a region

was not primarily aimed at reducing inventories, but rather it was an attempt to boost the sales of our products in our own area."

So, a competitor's sophisticated marketing department is not responded to by strengthening one's own department of the same kind, but by the earlier closing off of a market. So that the picture is not black-and-white, it should be said that the people in Rijeka say that their matches cannot be found in the Osijek region. There are a great many examples of this kind. In Koprivnica, for example, you cannot buy the products of "Agrokomer" of Velika Kladusa if a product of the same kind is also made by "Podravka." But by the same token you cannot find "Podravka's" products around Kladusa, since they were simply driven out a few years ago.

Monopolies are also more and more present in the construction industry, which has been hit by recession. It is true that formal competitions are advertised for construction of every project, but if the local investor, the supplier of materials and equipment, a local bank, and a local contractor get together on some project in advance, it is clear that there is no place for those who have not been invited. This kind of practice often "comes down on the head" of investors, as best confirmed by the case of Despotovac in SR Serbia, an opština for which one failure (the medium hardboard factory) was not enough, and they rushed into yet another. The "Nova Manasija" Coal Mine should have gone into operation long ago, but it turned out that the contractor, "Geosonda" of Belgrade, was not capable. There were those in the opština who warned that only GZL of Ljubljana could successfully do the job, but the fans of "Geosonda" prevailed. Now the contracts have in the end been dissolved, and negotiations are being conducted with the people in Ljubljana with the help of the electric power industry and the Morava Thermal Electric Power Plant. But the Slovenian contractors do not sulk when they lose a job to which they have the "natural right." There is the formula which says that a portion of resources for the underdeveloped republics and provinces and also for Kosovo in SR Serbia requires conclusion of a contract whereby the factory in the underdeveloped region will be built by a Slovenian OUR.

An example from Vrsac, where the local SIZ for Housing and Land for Construction evicted all merchants which had rented space and did not have headquarters in that opština, provides the best example of how we arrived at a 60-percent monopoly in wholesale and retail trade. Borovo, Jugoplastika, Sport, and 22d of December thus became homeless, and even "neighbors" from Subotica were hurt.

Dr Marijan Korosic sees five causes of monopolies: the monopoly of political power, the monopoly of industry over other sectors of the economy, the monopoly of certain branches over others, the monopoly of the socialized sector over personal savings, and the monopoly of production over consumption.

Dr Nikola Zelic sees the first cause of monopolization of the Yugoslav economy in tolerance for severing the vertical chain of the production process by enclosing OUR's within narrow local limits. The second cause are the SAS's and social compacts which make it possible for producers of the same goods to get together and agree on prices. (When attempts are made to punish them for

this, they stretch out the price differences to 5 paras, and there is nothing the inspectors can do.) The third and perhaps greatest cause of the creation of monopolies is the economic power of the sociopolitical communities, which by protecting "their own" OUR's, do not allow others, from "foreign" territories, to have access to the "domestic" terrain.

The fight that has been waged so far against monopolization of the Yugoslav economy is sterile, including even the most recent measures of the FEC. The 1974 law on combating monopolistic behavior, for example, did not provide any penalties whatsoever against sociopolitical communities which aid in the creation of a monopoly, as, for example, occurred in Rijeka with the matches. And the ban on cartel setting of prices in SAS's and social compacts has been nullified by the provisions on pooling contained in certain other laws. According to some critics, it is the Law on Associated Labor that has tolerated monopolistic tendencies. Nor has the new version of the law, drafted last year, brought hardly anything essentially new, and it would be strange if it did, since the fundamental dilemmas of the Yugoslav economic system have to be resolved first.

For example, how is the line to be drawn between surplus profits and monopoly income? Surplus profits realized on the market have a constructive impact, we were told a few days ago in Slovenia during an examination of amendments to the SFRY Constitution, and it should be stimulated right up to the point of monopoly position, which is unlawful.

One gets the impression that imports for intervention on the market are a good instrument for slapping the monopolists on the wrists. Unfortunately, it only seems that way. In a system where there is no ideological strength to drive the unsuccessful into bankruptcy, it can be proven that some OUR is carrying on a bad and expensive production operation, but it will still survive.

Moreover, if persistent electronics manufacturers, four of whom want to make video recorders (and it has to be assumed that they will carve out the market as an oligopoly) should tomorrow face competition for cheaper and better-quality imported products, the losses from that business undertaking will be passed on to the other products of those manufacturers, and those other products are in turn well protected by a tariff barrier.

It remains, then, to facilitate domestic competition. The prescription is "simple": remove the basic causes of monopolization, the principles of the consensus economy, and the tutelage of sociopolitical communities, and force OUR's to do business according to the principles of a real economy. This is, of course, easier to say than to do, but even if all obstacles were removed, the legacy would create great problems for a long time yet.

Contrary to the widespread conception that the Yugoslav economy is fragmented and splintered, Tea Petrin argues that the actual situation is quite the reverse: "Our 'average' work organization is large, lazy, and malevolent." The Yugoslav economy lacks enterprises with a work force between 10 and 100 for healthy competition, that is, what is referred to as "small business in the socialized sector." Experience indicates, Tea Petrin says, that the most advanced economies largely owe their growth precisely to enterprise, that is,

to the rapid birth of new organizations and the "dying out" of old ones. It is they who have brought the inroads of new technology, have been increasing competition, and thereby also the productivity and economic efficiency of society as a whole. The main reason why they do not exist in our country, according to the woman economist from Ljubljana, is the nonmarket character of economic activity, which signifies autarky, the low price of the dinar, cheap social capital shared out administratively so that it goes only to the large organizations whose people sit on the boards of the banks.

Competition (rivalry, contention, tug-of-war) has no chance in Yugoslavia in its purest form, but unless we begin to realize at least some laws of such competition, albeit even partial, there is little reason to even think about getting out of the crisis. In the economics encyclopedias they enumerate five characteristics of full competition: atomized structure of economic entities, complete automatism in movement of relations between the supply price and the demand price, i.e., the principle of absolute elasticity of supply and demand; existence of the principle of optimality in economic activity and the desire to maximize the goal; the impossibility of individual partners to affect the price level, but rather the necessity of adapting to it in their production decisions; the nonexistence of either natural or legal barriers (monopolies) for free movement of the factors of production and the articles of exchange.

The present situation is much closer to the definition of complete monopoly, which rejects four of these characteristics and retains only the one about the desire to maximize the goal (in our case: income).

It might be consoling to know that there is still a sector in which Yugoslav economic organizations, with the help of local sociopolitical communities, carry on a fierce and uncompromising competition that ends up in a fallback of prices of both sides. This is competition on the international market, where foreigners allow us to compete with one another to our heart's content, but when we go too far, they invoke antidumping proceedings to protect their own manufacturers.

"Everyone goes on to the world market with his own offering, everyone has the right to take part, and that is as it should be. Competition is altogether normal and necessary. Everyone offers what he has, and I do not see any problems here," runs the anthological statement of Milena Maljkovic, a member of the business board of "Energoinvest" of Sarajevo, when newspaper people asked her if it was not harmful for Yugoslav contractors and equipment suppliers to compete with one another so feverishly over international bids.

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RAILWAY HEAD INTERVIEWED ON FUTURE OF SERVICE

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian 17 May 87 pp 18-19

[Article by Zoran Jelcic based on interview with Nikola Zurkovic, president of the Community of Yugoslav Railroads: "On a Track That Leads Nowhere"]

[Text] Nikola Zurkovic, who 3 months ago became the head of the Community of Yugoslav Railroads, sent a letter to the editors of NIN which began: "Railroadmen have not renounced the Long-Range Economic Stabilization Program, and that is why they feel that they should strive persistently for its consistent implementation and should constantly point out the opposite activities, which recently have become more and more common."

The next observation is that even those who have the greatest responsibility to react have been looking calmly upon this line of development in transportation. So, instead of the railroads becoming the backbone of ground transportation, and highway transportation its complement, in reality "highway transportation is experiencing a true expansion, while the ill-fated backbone of ground transportation has almost been broken." To support these assessments--along with the reminder that trucks consume 13-fold more energy than the railroad and that today the share of traffic represented by enterprises carrying their own goods in their own trucks in total traffic is between two- and threefold greater than in the advanced countries--only one of the possible illustrations was given, namely the datum that last year several hundred heavy trucks and a large number of buses were imported, while the Zagreb Railroad Transportation Enterprise, which is the largest railroad organization in the country, did not have the money to buy a single passenger car or locomotive.

Before the Judge

Last year was no exception:

"A hundred trucks with a large capacity imported by 'Auto-prevoz' of Cacak have just come into the country. They are being given an equal number of trailers from Nova Gorica. So, at the same time when the plan for development of the railroads is not being fulfilled, since the resources are lacking, when the railroads cannot even obtain a permit to import indispensable spare parts, much less rolling stock, people are acquiring new imported trucks. Nor can

the railroad go through with a very favorable purchase of used rolling stock from West Germany, since the domestic rail vehicle industry does not have enough work. There is good reason then to ask who has approved the importation of these trucks and was this known to the chairman of the FEC, the chairman of the Executive Council of SR Serbia, the president of the Economic Chamber of Yugoslavia, the chairman of the Federal Committee for Transportation and Communications, and all those responsible for carrying out the Long-Range Economic Stabilization Program and the Social Compact on the Transportation Policy of Yugoslavia?"

Of course, a hundred trucks more or less, domestic or foreign, does not come close to solving the problems of the railroads, and we are probably talking about the drop which is said to have made the cup spill over. Nor did the difficulties begin last year, although they did increase abruptly at that time.

Officially last year's business loss on the railroads amounted to 7.8 billion dinars. This is a threefold larger amount than recorded a year earlier, and in the 1st quarter of this year they recorded a loss of the same size since there has been no change at all in current policy. However, even that picture is bright compared to the real picture, since in the assessment of railroad people the entire amount of the loss last year exceeded the sum of 22.5 billion dinars. The officially declared loss was arrived at using legal and other possibilities. The barrage of losses occurred primarily because of postponement and partial implementation of the agreed rate policy.

In the meantime, more precisely in the last days of April, the railroad people went to see the federal prime minister, and we asked Zurkovic what good it did to visit the federal government when it is since that time, because of price controls and the holding of prices in spite of the established policy, that the railroads have been hurt worst?

"I would not say that we have been brought into the present situation solely through the policy of the present federal government," Zurkovic says. "For years now we have had the same policy. Our demand is strict honoring of the resolution on annual economic measures as a whole and specifically concerning railroad rates. There is no justification whatsoever why other large systems, for example, the electric power industry, should get rates even higher than those set down in the resolution, while the railroads do not get even what was agreed to. In March we were granted what we had been entitled to in December, and the March demand was not responded to; that is, no explanation was given as to why it was not honored, which is not proper. We have now calculated that we are entitled to a 52-percent increase in freight and passenger rates, and the federal prime minister promised us that the decision would be made on an urgent basis.

"But I would like to point out that the main cause of our problems lies in the system which drives the opstina leadership to keep money within their own borders. Which is why all kinds of highway carriers have sprung up and why we are aware that even the best moves by the federal government would not correct all the main problems. Ultimately this society must decide what kind of railroad it wants, and railroad people will adapt to that. It is the worst of

all for everyone when the railroads are not operating because fixed costs are immense."

For one reason or another, including reasons internal to the railroads, but caused by other factors, the Yugoslav railroads are rapidly becoming a bottleneck not only for the domestic economy, but also for European railroad transportation. The Yugoslav railroads are getting in transit only 7 percent of all the freight shipped from the countries of the European Community to Greece, Bulgaria, Turkey, and the countries of the Near East. They have not been satisfying even Yugoslav shippers with the quality of their service, including the commercial speed of 30 km/hr (while 50 km/hr is the minimum by European standards). Which is why rail traffic has been declining for several years in succession. However, the railroads have been brought into a situation where they themselves are unable to accomplish a general turnaround.

The Picture of the Railroads Is a Picture of Society

With respect to a number of indicators the Yugoslav railroads are closer to the last century than the next one. Although by and large this is a characteristic of all infrastructural activities in Yugoslavia, it is still discouraging to hear Zurkovic say that the rails date from the last century and the ties from the beginning of this one, that there are lines which were laid in slag.... In Vojvodina more than half of the lines fail to meet safety requirements and standards. On the line between Sabac and Zvornik, which is economically very attractive, since it has quite a bit of volume freight, the trains travel at a speed of 20 km/hr. The quality of the track simply does not allow higher speeds. Tracks like that are one of the reasons why steam locomotives are still in use, that is, why it is not possible to use up-to-date locomotives. Nor have European standards been met even in all sections of the main line from Jesenice to Djevdjelija with respect to the possible axle load and the permissible, that is, safe, speeds. On that line the commercial speed is 60 km/hr for passenger trains and 40 for freight trains.

Viewed as a whole, more than half of the Yugoslav railroad lines are unfit for speeds greater than 70 km/hr, and of the approximately 9,500 km of railroad line, which is the total for Yugoslavia, a speed greater than 100 km/hr is allowed on only 450 km. And of that 350 km are in the network of the Zagreb railroad transportation, while the remainder belongs to the Belgrade enterprise.

Guidance

It is not only because they have been forced, being as poor as they are, to repay credits from depreciation, but also for a number of other reasons that the value of fixed capital on the railroads is being reproduced, at the depreciation rates now in effect, only in approximately 45 years. If we take the track as an illustration, this is how it looks: If you start with the standard that the track should be repaired at least every 20 years, which is the upper time limit, then in Yugoslavia we ought to be repairing about 520 km of track a year. However, according to the figures published in the February issue of the journal ZELEZNICA by Dr Slobodan Vojvodic, over the last decade only about 205 km of track were repaired per year, which is 60 percent less

than the indispensable minimum. This means a high rise of costs, high freight rates and losses, and all the other things which round out the picture of the increasingly grave situation not only for the railroads and their users, but indeed also of the entire industry which looks to the railroads as a customer.

In all of this Vojvodic calls attention to one particular aspect: "The management of reproduction of the basic factors of production, which lies within the responsibility of railroad organizations, has not been oriented as it might have been toward achievement of optimum results at the level of the country as a whole (which presupposes priority modernization of main lines), but rather under the influence of the republics, provinces, and other sociopolitical communities the investments have been confined to each respective territory regardless of the natural order of priorities and the benefits achieved. This management of investments has not helped in modernizing the priority transportation routes (which have importance to Yugoslavia) before others and thereby to retain and increase the present volume of traffic, especially international traffic, which is heavily concentrated on the main lines." Incidentally, the main railroad line in Yugoslavia embraces 18 percent of all lines, and nearly half of all rail traffic takes place on it, including transit traffic, which even in spite of the marked lag is bringing in more than \$100 million in revenues every year.

The Road to Unity

In response to the question of whether the current constitutional amendments should give the railroads a different status and as to how much the solutions in the past decade have contributed to deterioration of the railroads' position, Zurkovic answered that he did not believe in the omnipotence of organizational forms, in the crucial importance of whether there is a director or the chairman of the business board and whether the Yugoslav railroads are organized in this way or that way. The essential thing is the conduct of business Zurkovic feels, it is this that is decisive to the existence of a clear individual motivation for better performance in every component of the railroads. Put differently, when and if the railroads have the share on the market that is normal and customary, and when every employee knows that his earnings will be smaller when a train is late, then a number of issues which now appear decisive will turn out to be secondary.

Zurkovic also takes a similar view of the discussions concerning the unity of the railroads with respect to engineering, technology, and economics, that is, the dilemmas over whether one component can do without the other. Put simply, in addition to the economic motivation for better and more up-to-date operation which has been referred to, technical and technological unity has yet to be achieved on the Yugoslav railroads, and economic unity is derived from that.

Of course, that formula seems not only natural, but also glib. If there is no objection that can be made to its aptness, the same cannot be said of another feature. After all, it would be easy to create the motivation of those employed on the railroads if it could develop exclusively within that segment of the economy and society, that is, if general economic motivation and independence in the economy did not presuppose, put more accurately--did not

necessitate, far greater changes in the noneconomic sphere--above all in the political system. Until we overcome the awareness, accompanied by real social strength, that the train's cleanliness and promptness only depends as a consequence on the cleaning people and the engineer, would ultimately depend on the basic solutions in the sociopolitical system, or, put more specifically, on the electoral system, the situation will persist in which all kinds of energy are spent on problems which cannot be solved from within.

7045

CSO: 2800/217

PROBLEM OF OUT-OF-WEDLOCK, ABANDONED CHILDREN EXAMINED

Roof Alone Not Enough

Sofia RABOTNICHESKO DELO in Bulgarian 20 May 87 p 4

[Article by Nadezhda Kabakchieva: "A Roof Alone Is Not Enough--Social Responsibility for Children of Disadvantaged Social Status--Complex Everyday Questions--Czechoslovak Experience"]

[Text] The article, "Penalties for Other People's Mistakes," in which certain problems of out-of-wedlock children are raised, stirs up many reflections. Naturally we must, first and foremost, campaign against the causes of this phenomenon--the neglected sex education of teenagers, an inadequate standard of communication, unhealthy family atmosphere, etc. Naturally, once such children are here, we must do everything for them. All the more so since the welfare of children is a main concern of the state and society.

Of course, the greatest problem continues to be the lack of a family. For even if we build golden boarding-houses full of computers, swimming pools and playthings, none of these can convey to the children the idea of mother, father, brother and sister. Supervisors and attendants in homes for parentless children have to see the hurt finger, listen to and answer thousands of questions. . . The children's limited contacts may traumatize their psyche and result in character deformation.

Family environment is what we should strive for when we seek a solution to the problem of out-of-wedlock children. Our legislation has done the necessary in respect of adoption, but there are still many obstacles of a purely formal character. Harassed childless families make the rounds of homes throughout Bulgaria seeking a suitable child, because we do not have a consolidated center or any group concerned with the adoption problem nationwide. There is an urgent need for more sensitive support of people who want to adopt children.

Section 16 of the Decree on Further Implementation of the December Program reads, "To provide more significant public support for the development of children of socially or hygienically disadvantaged status, who are being reared in public institutions or under home conditions." It is difficult for us to keep an eye on how this section of the decree is enforced. The results cannot always be tabulated and charted, for the point at issue is moral responsibility.

There are ample examples of an active relationship between the homes and labor collectives. Some enterprises provide vacation tickets and send children on excursions. For all that it is indispensable that both welfare and joys should be coupled. And this means constant contacts and knowledge of character. We still do not have the most effective forms of such contact with the children. Psychologists fall short in their obligation to them, and the only scientific group--the Child Psychology Laboratory of the Youth Scientific Research Institute--can hardly cope with the discovery and study of their problems.

I recently decided to list how many institutes there are in Sofia. According to the telephone directory there are 199. Nearly 200 institutes, but among them I did not find a child psychology institute such as there are in all more developed countries.

Each of us on meeting these children at once experiences a desire to do something for them. But I am not talking here about a one-time gesture; I am talking, rather, about systematic acts. An example in this respect is the experience of Czechoslovakia. Our specialists could profit from the creative experience of the Children's Social Welfare Departments set up in every people's council in the Czechoslovak Socialist Republic. A characteristic feature of the activity of these departments is, first and foremost, moral responsibility for the future of the rising generation. To some this may sound universal, but, in a manner of speaking, we have grown used to regarding this concept as something that does not concern us. But it is moral responsibility that is the underpinning of the relationships between public opinion and homes. Every individual case must be observed as it develops and approached specifically if we are to find families that are prepared to rear children.

Social welfare traditions (whether we are dealing with children or adults) have long been part of public life in Czechoslovakia. Regardless of where children grow up--in a home, boarding school or in a family, public opinion is not indifferent to their fate. For every children's collective there is a society of its friends--workers, students, representatives of various enterprises. They help according to their abilities. And I refer here not only to material assistance, but to socializing and to contacts beneficial for their upbringing. Members of the society meet and chat with the children, try to get close to their problems, become aware of their interests.

Of special interest, in my opinion, are the so-called "children's advocates." In Slovakia they number about 400. They observe the families where the psychological equilibrium of the children is threatened. They keep a close eye, for example, on how they feel before their parents' divorce and afterwards. They are interested not only in whether the child is materially provided for, but also in how it survives this change emotionally. If, however, the child is abandoned, they advise the children's protection centers at once (there are such in every okrug). Of course, all this is done by the "children's advocates" on a volunteer basis.

It is known that in Czechoslovakia the family-style children's home is very widespread. Two spouses or several supervisors rear two, five, 10 or more children. This community approximates a family atmosphere and so far all

results have been favorable. Best known is the little town of Zlatovce, where an entire settlement with a sports center, a school and its own farm has been allotted for such children.

In Slovakia alone, 1168 families have taken in 3000 children to rear. For the Czechoslovak Socialist Republic as a whole, this figure is 7000 children. To such families the council often allots a larger dwelling, and in all cases provides financial support as well every month. In addition, annual lump-sum benefits are granted--for example, to buy a ski outfit for the child or for other comparatively large outlays.

All children of disadvantaged social status, regardless of where they are reared--boarding-school, home, or in a family, on reaching the age of 18 receive a kind of "dowry"--the prime necessities for an independent life (blankets, bedclothes, clothing) worth 5000 korunas.

It is in the traditions of our people not to take care solely of one's own children. The idea is already being put into practice, but the creation of a wider network of family-style homes is still slow in starting. Greater efficiency and more flexibility are needed in solving such an important question as the future of these children.

Nonequivalent Substitutes

Sofia RABOTNICHESKO DELO in Bulgarian 20 May 87 p 4

[Article by Georgi Drumev: "Nonequivalent Substitutes"]

[Text] From the articles in the press one figure remains with me: 14,000. This was the number of children born out of wedlock in 1 year alone and many of them were abandoned by their mothers (not to mention their fathers!) in various homes. Some were left overtly ("I'm leaving him to you, I don't need him"). Others were simply not claimed again--like forgotten umbrellas at the Lost and Found. Fourteen thousand--why, this is almost the population of a city like Tryavna! Isn't this a little too much for a country which with all its efforts cannot even reach 9 million? Can we estimate how many children are abandoned in 5 years, for example, or in 10? Obviously the state takes care of them, but still. . .

At the risk of being accused of sentimentality, I wonder what these tens of thousands of children do on New Year's. And on their birthdays. Will the state (from which we expect everything!) kiss them while they are still in bed on their birthday? Despite my professionally schooled imagination, I personally, for instance, cannot visualize a "Human Industry Association" ruffling the hair of some mischievous boy. By this I do not at all mean to call in question the functions that this institution has in our present-day world. By this I mean merely that no ukase of the State Council and no money can replace the influence of a mother's caress. . .

I wonder why, during the first years after the Ninth of September, before New Year's writers, public figures, ministers and the like contributed--some 1000,

some 2000 leva--for war orphans. Open up RABOTNICHESKO DELO for 25 December 1946 and the following issues to see the names and positions of the donors with the exact amount. There wasn't any association contributing 100,000 leva for any purpose (a mere flea bite for an association!), but some individuals did personally from their own pocket. I wonder how many staffs of editorial boards, cultural institutions or ministries, plants, etc., socialize (the precise term is "assuming of patronage," but the term is appalling and I don't dare use it) with such homes or, to be more precise, with their charges? Early on at the University I realized that charity cannot heal social ulcers. In the subject in question I even have a grade of "excellent." But no matter, as it turns out, our country has fatherless and motherless children, too. And some of them have even reached the age of four and don't speak because their "matrons" do not have time to bother with them. And no association agrees to tell them stories in the evening. . .

Moreover, when a well-known television producer made a film about such children and showed the "matrons" tying the hands of the kiddies to the bed with a cord --lest they uncover themselves during the night!--the okrug governing board decided that this was a "black mark" for the okrug and banned the broadcast. Now what would happen if a family took such a child for a Sunday or spring vacation? Or if it gave him a gift for his birthday? In some countries this activity is regulated by committees which not only do not possess official cars but whose members do not receive a single stotinka from anywhere. But does not such activity, namely, the showing of sympathy for the fate of others, nurture both parties? In our "campaigning" for this or that, do we not fail to give attention to this important sphere of human interrelationships?

Years ago a rumor was spread that one of our famous singers had given a certain sum to the kindergarten in her native city. Indignant at the slander, the singer denied such a monstrous supposition. I know I'm wrong, but since then I have not been able to listen to her.

Editor's Note

Our articles on the subject of "Out-of-Wedlock Children" have delineated the following fundamental problems:

--We still have not done what is necessary for the proper and timely sex education of teenagers;

--Contraceptives are lacking in adequate quantity and assortment;

--Persons who casually repudiate the children they have brought into being are not prosecuted;

--There is no consolidated center or institute that concerns itself with all the questions involved in the rearing, adoption, education and psychological state of -out-of-wedlock children;

--The public is still not sufficiently involved and active in the social adjustment and socialization of out-of-wedlock children;

--A slow start is being made on the setting up of a wider network of children's homes.

We anticipate that on these questions not only will a stand be taken, but also assistance in accelerating their solution will be rendered both by the two ministries most closely connected with this activity (the Ministry of National Education and the Ministry of Public Health), and by public organizations, labor collectives and all who believe they can be helpful in some way.

6474

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ACTION AGAINST GYPSY DEVIATES URGED

AU021112 Bratislava SMENA in Slovak 27 May 87 p 3

[Letter by Dr Kornel Danas from Poprad in the "On the 'M' Line" column:
"Young Romanies, Where Are You Going?"]

[Excerpts] Our editorial office has recieved an alarming letter full of inspiring thoughts about a grave social problem. It is from Dr Kornel Danas from Poprad.

Our public is becoming increasingly concerned about the growing number of cases of serious crime perpetrated by Gypsy adolescents. According to official statistics, the crime rate among this segment of the population shows a sharp upward tendency and even very young boys and girls already commit criminal acts. Although these cases are publicized here and there, little is done to analyze the causes and almost nothing is written about the need for preventive action. It is as if the issue of the gypsy crime rate were taboo! The noxious argument is even being spread that it is pointless to do anything about the Gypsies because it would be to no avail.

I work in a village with a large Gypsy community, in which Gypsy children account for 50 or even more percent of pupils in the lower grades. But their proportion gradually declines and in the eighth grade there is often not even a single Gypsy pupil. They usually end their formal education in the fifth or sixth grade but even until then they do not learn to read, write, and count. Educational work with them is very difficult, exhausting, and requires tremendous patience on the part of the teachers. The worst thing is that the Gypsy children do not speak Slovak and live at home in hygienic and moral backwardness. I observe teachers who come to class with deodorants to use on the Gypsy children before the class begins. The fact is that Gypsy children do not wash, do not bathe, and do not change their clothes. In class they constantly fidget, laugh, and jump around. They are absolutely unable to concentrate on quiet and disciplined school work. They immediately tear their textbooks and notebooks to pieces, break their pencils, they often fight and roll on the floor, preferably in the toilet.

Highly alarming is the rapidly increasing number of mentally retarded Gypsy children, for whom we lack capacity in special schools. I suspect that we also lack the will to enroll them in these schools, as God forbid, this might

increase the percentage of imbecile children in our statistics. They thus stay in elementary schools where they only vegetate and go through a terrible psychological ordeal. No wonder these children prefer to stay out of school, wander about, and steal.

The mentally retarded Gypsy children enrolled in elementary schools cannot grow up to become anything but delinquents. The causes of the increasing number of mentally retarded children among Gypsies include excessive alcohol consumption, lack of sexual restraint, the young age of mothers, sexual intercourse among relatives, their higher sick rate, and many other things. I observe cases of 10 or even more children in one family, all of whom are imbeciles! It is virtually impossible to practice any birth control or family planning in these families. Apart from typical Gypsy features such as excessive impulsiveness and inability to concentrate at school, the majority of these children also suffer from general brain damage, as a result of which they lag behind in class and only formally get as far as fifth or sixth grade (because each grade can be repeated only once). A 14-year-old Gypsy boy then gets into some apprentice center where they find out to their horror that he is illiterate. Girls of 14 years of age hardly ever get into an apprentice center because they are usually pregnant at this age.

We will find isolated cases, mostly in towns with better cultural facilities, of Gypsy boys or girls who study well and complete their apprenticeship. We usually highlight these cases in our reports and statistics to cover up 90 or more negative cases. Our old mistake of covering up mistakes and shortcomings! How much longer shall we do this? After all, the parents of the Gypsy children about whom I write in this contribution only recently left the classrooms of the socialist school! The mistakes are piling up and accumulating, covered up by pointlessly doctored statistics, and all this while Gypsy juvenile delinquents are crowns like mushrooms after rain.

As the number of babies increases geometrically, so the number of mentally retarded children increases as well. Since these children were born, they need to be brought up. However, this definitely should not be done in elementary schools! Mentally retarded children belong to special schools or to special educational institutions.

National committees and health authorities should be informed about the family situation of Gypsy citizens and intervene in due time in those families, in which the moral development and the health of the children are seriously jeopardized. These children should be taken away from the family, along with the family allowance, and placed in an institution for children. When well-intentioned preventive measures fail, strict retribution and punishment should be instituted so that people finally stop saying that Gypsies are protected in our country, that they have special prerogatives, and the like. I am sorry to have to say that in some places the situation is such that an orderly citizen does not dare to go out in the evening.

Gypsies-Romanies are citizens like everyone else and must therefore have the same rights as well as responsibilities. Any laxness, unwarranted benevolence,

or indifference may have to be paid for dearly in the future. It can be assumed that the Gypsies' birth rate will even increase in the wake of the planned social measures, which also means more brain damaged children and greater headache for educational establishments. It is high time that we begin to think about introducing a supervised and strict integration of Gypsies into the work process, about special classes with Romany as the language of instruction, and about other measures, the common denominator of which would be to improve the education of the Gypsy up-and-coming generation and to prepare it for work in society. A great deal has already been done. The typical Gypsy shanties, bad exclamation marks of the Gypsies' one-time poverty and discrimination, have disappeared from our villages. Proper houses have been built in their stead, but even these houses are at present a breeding place of contagion because sheds, kennels, and piles of dung and garbage have gone up near them, which attract rats and what not. Planners should think about simple housing units for Gypsies that would serve their purpose because the existing ones have proved to be unsuitable. Many of them are ruined and devastated.

As we see from this concise survey, the tasks abound. Yet these tasks are very urgent. The sooner and the more boldly we will start implementing them, the better for us, for a life of our children in contentment, and for a more cultured life of those whom they chiefly concern.

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